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**SELF-MANAGEMENT AND PARTICIPATORY SCHEMES  
IN  
CO-OPERATIVES**

**(A Comparative Study of Self-Management in Industrial  
Co-operatives in the Greater Accra Region, Ghana)**

**A Thesis Presented to the Open University,  
Milton Keynes, England,  
for the award of  
Doctor of Philosophy Degree in the Systems Discipline**

**by**

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## ABSTRACT

This research study investigates the extent to which participatory schemes determine member participation and control in industrial co-operatives in Ghana.

Recent studies on co-operative organizations in developing countries have indicated that the problems of self-management in co-operatives are due to low member participation in decision making and control over the affairs of co-operatives. These studies, coming from mainly sociological and anthropological studies, have further suggested that the low member participation and control in co-operatives are due to the problems in the implementation of the principles and ideals of co-operatives in developing countries. The studies have further argued that the principles and ideals of co-operatives are difficult to implement because they are incompatible with the traditional social structures and norms in developing countries.

A central argument of this study is that the problems of member participation and control in co-operatives should not be attributed solely to the influences of environmental factors in developing societies. The study points out that the degree of member participation and control in a



co-operative will also be related to properties of the participatory schemes in the co-operatives. That is, the structures and processes along which participation takes place.

The findings of the research study indicate that fundamental determinants of member participation and control are the structural attributes of participatory schemes in the co-operatives. The findings of the study also suggest that the participatory schemes in the co-operatives are influenced by the organizational conditions in the co-operatives.

On the basis these findings, the research has contributed to our knowledge of the organization and the functioning of co-operatives in developing countries. Furthermore, the research has demonstrated the possibilities of the extension of modern organization theory to the study self-help and related self-managed enterprises in developing countries.

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# Chapter 1

## INTRODUCTION

### **1.1 *Background of the Study***

Over the past few decades, the activities of industrial co-operatives in developing countries have gained considerable attention in development theory and practice. This comes after a long period of time during which the activities of co-operatives were concentrated in the agricultural sectors of those countries. For instance, in Ghana, the first industrial co-operatives was established almost 20 years after the introduction of co-operatives into agriculture.<sup>1</sup> It is the organisation and management of these industrial co-operatives which is the focus of this study.

Recent interests in industrial co-operatives in developing countries come from the realisation that as socio-economic organisations, co-operatives can be used to mobilise the resources of small scale businesses for development.

The attraction of co-operatives as an instrument for the development of small scale business stems from their character as a self-help and self-managed organisation. Co-operatives are considered as self help and self-managed organisations because their members are themselves owners/managers and at

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<sup>1</sup> Co-operatives were first introduced to Ghana, formerly the Gold Coast, in 1928 by the Department of Agriculture of the Colonial Government. The purpose of the introduction was primarily to use the co-operatives as a mechanism to group farmers for the introduction of measures intended to improve the quality of their cocoa. Later, these groups of farmers were used to facilitate the purchasing and transportation of cocoa by the Department of Agriculture. A detailed history of the development of co-operatives in Ghana is provided by J. C. de Graft Johnson, *The African Experiment*, London, 1968.



the same time patrons/workers of the enterprise.<sup>2</sup> Furthermore, all members, whatever their level of skills or level of contributions to the resources of the co-operative, have an equal right to participate in decision making within the co-operative. In co-operative theory, it is anticipated that members' participation in decision-making within the co-operative would lead to their overall control over the affairs of their organisation. This would then ensure that they are able to set its goals and determine the direction of its operations in order that the prime objective of co-operatives, namely, the promotion of their members' interests is realised.<sup>3</sup>

In development theory and practice, a number of roles were therefore assigned to co-operatives. Co-operatives were to offer the institutional framework through which local communities could gain control of the institutional and productive activities from which they derive their livelihood. In a wider political sense, co-operatives were to promote self-reliance and self-help among the local population. They also were to become the means through which the resources of local artisans, traders and craftsmen could be mobilised for development. Furthermore, through co-operative action, local entrepreneurs were to acquire new technology for joint production workshops.<sup>4</sup>

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<sup>2</sup>The concepts self-help and self-management are quite synonymous. For instance in the studies in organization democracy, self-management is conceived of as the management of organization by the elected representatives of the total work force themselves. Also in the literature of development studies, the concept self-management has been associated with self help organizations. For instance, Bodenstedt explains that "self-help" occurs where people take initiative to organize themselves to deal with their own problems. In this sense, the influence of a higher authority outside the organization is non-existent. A. A. Bodenstedt, *Self-help: Reflections on the Strategic Utility of an Organized form of Joint Social Action for Development*, in: A. A. Bodenstedt (ed.) *Self-help: Instrument or Objective in Rural Development*, Saarbrücken, 1975. M. Rosner, *Democracy, Equality and Change, The Kibbutz and Social Theory*, Norway Derby Editions, Pennsylvania, 1983. E. Dulfer,

<sup>3</sup>R. Henzler, *Betriebswirtschaftliche problem des Genossenschaftswesens*, Wiesbaden, 1962.

<sup>4</sup>Such ideas have come from the various development strategies proposed in the 1970's by development theorists. These theorists called for "popular participation" in development as a means to redress the increasing marginalisation of the larger section of the society in the developing process in developing

Since the introduction of co-operatives to the developing countries, a number of social scientists have shown considerable interest in their activities.

In particular, sociologists and anthropologists have concerned themselves with self-management in co-operatives. Their concern with self-management stems from the reports of low member participation and control in the activities of co-operatives in developing countries.

For most sociologists and social anthropologists, there has been a general belief that the problem of low member participation and control in co-operatives stems from the difficulties in implementing the egalitarian ideals and democratic principles of co-operatives. It has been asserted that the ideas and concepts of co-operatives reflect certain Western European values and ideological beliefs which are incompatible with the social norms and value systems of existing social structures in developing countries.<sup>5</sup>

For instance, sociological and anthropological studies have led to the identification of a number of conflicts between traditional social system and the co-operative democratic principle of "one person, one vote". Dore has pointed

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countries. As a development strategy popular participation calls for self reliance through the use of existing resources in developing countries, especially the use of human resources through their 'physical and intellectual efforts'. Co-operative organizations and other related self-help and participatory organizations have been proposed as a means for the institutionalization of popular participation. For detail literature on these studies see for instance, D. Hapgood, *The Role of Popular Participation in Development*, Report of a Conference on the implementation of Title X of the Foreign Assistance Act, Cambridge, MIT Press, 1969. A. Pearse and M. Stiefel, *Inquiry into Popular Participation, A Research Approach*, U.N.R.I.S.D. 79/c, Geneva, 1974. United Nations Organizations (UNO), *Popular Participation as Strategy for promoting community level action and national development*, UN Publications No. E.81.iV.2 1975

<sup>5</sup>A. C. Felder, *Adapting Co-operatives to underdeveloped areas*, in K. R. Anschel, R. H. Brannon and E. D. Smith (eds.), *Agricultural Co-operatives and Markets in Developing Countries*, London, 1969.



out that the dominance of traditional leaders in the social affairs of their communities has been transferred to the management of co-operatives.<sup>6</sup> He contends that this has caused the inability of co-operative members to exercise their individual rights during decision making owing to the fear of contradicting the opinions of their traditional leaders. This in turn has reinforced the domination of local elite in the affairs of co-operatives.

In addition, Munkner has argued that participation in a co-operative demands a number of responses from individual members, such as solidarity in the group and loyalty to the co-operatives.<sup>7</sup> Individual members are also expected to abide by the obligations and role prescriptions of the co-operatives. He has noted that since the individual members are also members of several traditional organisations, their traditional allegiances to those other organisations will prevent them from conforming to the co-operative rules and principles.

Though the sociological and anthropological studies provide important contributions to the understanding of the problems of member participation and control in co-operatives, they both fail to deal with the co-operative organisations themselves. The sociological and anthropological studies provide important information on social factors as member loyalty and the differences between co-operatives and existing social structures in developing countries. However, there has been no attempt by these studies to investigate the

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<sup>6</sup>R. Dore, Modern co-operatives in traditional communities, in P, Worsely (ed.) Two Blades of Grass, Manchester University Press, 1971

<sup>7</sup>H-H. Munkner, (ed.) Credit Union in Africa, Mainz, 1976.



influence of the internal organisation factors of co-operatives on self-management.

The failure to take into account the internal organisational factors and their relevance to self-management in co-operatives can be traced to the perception of co-operatives adopted by most sociologists and anthropologists. Their perception of co-operatives has been based on the ideal classical co-operative model as transferred from Western Europe to the developing countries. The classical co-operative model provided a blueprint for establishing co-operative organisations. It considered the principles and ideals of co-operatives as the means by which member participation and control in co-operatives could be achieved.<sup>8</sup>

Certainly, the principles and ideals of co-operatives are important for member participation and control in co-operatives. However, we are arguing that in order to obtain an adequate understanding of the problems of member participation and control in co-operatives in developing countries, we need to go beyond the narrow conceptualisation of co-operatives in terms of the classical model. Participation in decision making in co-operatives, as we pointed out earlier, should lead to members' control over the affairs of the co-operatives. According to Dachler and Wilpert, participation is "a central concept of

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<sup>8</sup>The ideal classical model of co-operatives originates from the Indian co-operative model. This model was designed as an instrument to help eliminate poverty in India in the 1920's. The model was based on the Western European co-operative organizational model from Raiffeisen and Rochdale Pioneers in Germany and Great Britain, respectively. For a thorough discussion of the ideal classical model of co-operatives and its problems in Ghana see H-H. Munkner, Die Organisation der eingetragene Genossenschaft in den zum englischen Rectkreis gehorenden Landern Schwarzafrikas, Dargestellt am Beispiel Ghanas, Marburg\Lahn, 1971

organising” and is related to other organisation attributes as division of labour and responsibility, hierarchy of authority and the rational co-ordination of activities for some common goals in organisations.<sup>9</sup> In addition, they have pointed out that these can bring about differences in participatory schemes in organisations. The scheme of participation involves the structures and processes along which participation takes place in organisation. This suggests that self-management in a co-operative cannot be attributed to the ideals and principle of co-operatives alone.

Any study of member participation and control in co-operatives should, therefore, take into account the properties of the scheme of participation in different co-operatives. It should be expected that the different social problems that co-operatives are designed to solve, and the various economic ventures they undertake will necessitate the adoption of different participatory schemes in co-operatives. Hence, a study of the participatory schemes in co-operatives should provide a better understanding of problems of members participation and control in co-operative problems in developing countries.

Already, a number of co-operative theorists have given thought to these considerations. For example, Larson has pointed out that:

*By definition, co-operatives regardless of location adhere to similar principles, ...because of differing physical, political, social, and environmental restraints, co-operatives must be*

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<sup>9</sup>H. P. Dachler and B. Wilpert, Conceptual Dimensions and Boundaries of Participation in Organizations: A critical evaluation, Administrative Science Quarterly, Vol. 23, 1978.

*organised with particular structure resources, operational techniques best suited to reaching their objects.*<sup>10</sup>

Anschel has also provided a similar argument by suggesting that

*"The practical application of principles of co-operation is not a matter of transfer of co-operative forms, but a systematic interrogation to identify which forms are appropriate to suit particular situation."*<sup>11</sup>

## **1.2 The Problem of the Research and its Significance**

The discussions above suggest that for a better understanding of the problems of member participation and control in co-operatives, there is the need to study also the participatory schemes of the co-operatives. The assumption here is that the degree of member participation and control in co-operatives will depend not only on the application of the principles and ideals of co-operatives but also nature of its scheme of participation in co-operatives. This means that we should have to go beyond co-operative organisational blueprint suggested by the ideal classical model of co-operatives and search for possible variations in their participatory schemes in co-operatives.

The aim of this research, therefore, is to conduct a comparative study of the different participatory schemes in industrial co-operatives in Ghana. Specifically, the objectives of this research are as to:

1. Identify the types of industrial co-operatives in Ghana.

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<sup>10</sup>Ian W. Larson, Co-operative theory and implications: A selected review, in: K. R. Anschel et al, op. cit.

<sup>11</sup>K. R. Anschel, Universality of Co-operation, in K. R. Anschel et al., op. cit.



2. Investigate the degree of member participation in decision making within the co-operatives. Since in a co-operative, member participation in decision making is expected to lead to control over the affairs of the co-operative, our interest will also be focused on the amount of control exercised by decision making bodies in the co-operatives.
3. Identify the properties of the participatory schemes in the co-operatives. That is, the structures and processes along which participation takes place in co-operatives. Furthermore, we shall determine how the participatory schemes influence member participation and control in the co-operatives.
4. Investigate the organisation conditions in which the co-operatives operate and how these conditions influence their schemes of participation.  
  
In particular, we are interested in the extent to which the co-operatives structurally reflect socio-cultural and institutional elements in their environments in Ghana.
5. Identify the patterns of organisational development in the co-operatives. Our interest here will be to assess the implications of the patterns of organisational development on self-management in the different types of co-operatives.

### ***Significance of the Study***

This research provides the opportunity to examine the participatory schemes in industrial producer and service co-operatives in Ghana. The research also

seeks to develop new theoretical perspectives and methodology in the study of co-operatives in developing society. As we argued earlier, sociological and anthropological studies on co-operatives have only concerned themselves with examining those socio-economic factors that are directly or indirectly related to co-operatives. The internal organisational factors of co-operatives have seldom been the focus of such studies. This has contributed to a lack of information on how different participatory schemes in co-operatives affect member participation and control in co-operatives.

Furthermore, our objective to focus our attention on industrial producer and service co-operatives offers a unique opportunity to provide new information on co-operative activity outside the agricultural sector. Present knowledge of co-operatives in developing countries has come mainly from studies of agricultural co-operatives. This has led to the development of theories which only seek to explain problems of co-operatives in the agricultural sector. Our research interest should, therefore, provide information on the development of co-operative in the industrial sectors.

### **1.3 *Research Approaches***

The objectives of this research study suggest a comparative study of the schemes of participation in industrial co-operatives in Ghana. In order to conduct an empirical study into the research objectives, it is first essential that we develop a conceptual scheme for the study. Co-operatives differ in a number of ways and if we are to organise information about them, we need



some framework to do that meaningfully. Hence, the conceptual scheme should provide the basis for a common standard or measures for comparison. Furthermore, the scheme should lead us to establish a framework of significant variables and their relationships. For instance, Berry has pointed out that:

*to compare two phenomena, they must share some features in common, and to compare them to some advantage, they should usually differ on some feature. That is, it must be possible to place two phenomena on a single dimension in order to judge them validly in relation to each other, and for comparative judgement to be of value, they should not be identical in all respects.*

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### **1.31 Theoretical Models of Co-operatives**

Though the study of co-operative organisations has gained widespread research interest in both developing and industrialised countries, there is still a conspicuous absence of a common framework from which one can conduct a comparative study. Existing literature on co-operatives has led to different models of co-operatives. Two major theoretical postulations have emerged in such studies: they are the theoretical models of the worker co-operatives and the service co-operatives.<sup>13</sup>

The service co-operatives are described as co-operatives aiding independent craftsmen with services. This means that the activities of service co-operatives

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<sup>12</sup> J. W. Berry, Introduction to Methodology. In: H. C. Triandis & J. W. Berry, (eds.) Handbook of Cross-Cultural Psychology, Vol. 2: Methodology, Boston, 1980.

<sup>13</sup> Literature provides various classifications of forms of co-operatives. These classifications are normally based on the extent to which ownership of assets, production and marketing activities are organised collectively or individually. We have followed Dulfer's approach in classifying co-operatives in two basic types, the classical worker or production co-operatives and the service co-operatives. For more information on this issue. See for instance, E. Dulfer, Operational Efficiency of Agricultural Co-operatives, FAO, Rome, 1974., F. C. Helm, Economics of Co-operation, London, 1968.

are restricted to market oriented functions such as marketing members' products, the supply of raw materials, and the provision of credit facilities and managerial services. In this sense, the service co-operative enterprise is seen as an organisation, separate from the autonomous enterprises of its members. The prime objective of the service co-operatives is the promotion of members' enterprises. Hence, individual members are considered as patrons of the co-operatives.<sup>14</sup>

In studying such co-operatives, co-operative theory has merely described them as an "association of fellow workers who provide initial risk capital themselves".<sup>15</sup> This description gives no recognition to the co-operative enterprise as an agent for the marketing and supply of raw materials to members. In addition, it disregards the existence of any decision making structure in the co-operatives. Co-operatives are narrowly conceived as an aggregate of economic units of members who contribute resources for their operations. These co-operatives are again described as "non acquisitive" organisations. According to Emalianoff the service co-operatives are "non acquisitive" organisations, because their objective is to provide service at cost to their members and they do not seek profit for its own sake. He argues that profits are rewards for the efforts of entrepreneurs.<sup>16</sup>

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<sup>14</sup>R. Henzler op. cit.

<sup>15</sup>Ivan V. Emalianoff, *Economic Theory of Co-operation*, Washington, D. C. 1942. See also Frank Robotka, *A Theory of Co-operation*, *Journal of Farm Economics*, Vol. XXIX, No.1 Feb., 1947, E. Dulfer, *Betriebswirtschaftslehre der Co-operative*, Gottingen, 1984.

<sup>16</sup>Ivan V. Emalianoff op. cit.



A distinguishing feature of the worker co-operative is that individual members are themselves workers and managers of their co-operatives. This comes from the fact that members of the co-operatives are both the contributors of resources (capital) and labour to the production workshop in which they work. Hence, in contrast to the service co-operatives, there exists no autonomous individual member enterprise, but a production workshop which is jointly owned by the members.<sup>17</sup>

At the theoretical level, Vanek's economic model of labour-managed firm has provided the conceptual tool for their study.<sup>18</sup> The labour-managed model considers co-operatives as similar to the Kibbutz enterprise and the self-managed enterprises of the former Yugoslavia Republic. The objective of the labour-managed firm is to maximise the income of its workers. Hence, the wages of the workers in a worker co-operative are considered as rewards but not costs to it. This is in contrast to a traditional capitalist firm which seeks to maximise the returns on capital employed.

We can see that the theoretical conceptions of co-operatives described above do not provide a common model for a comparative study of different forms of industrial co-operatives. While the worker co-operative is conceived of as a labour-managed industrial organisation with a decision making structure, the service co-operative has been considered as an association of individual

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<sup>17</sup>C. E. Gunn, *Worker Self-management the USA*, Cornell University Press, 1984 and S. E. Perry and H. C. Davis, *The Worker Owned Firm, The Idea and its Conceptual Limits*, *Economics and Industrial Democracy*, Vol. 6 p275-297, 1985.

<sup>18</sup>J. Vanek, *The General Theory of Labour Market Economies*, Cornell University Press, New York, 1970

members.<sup>19</sup> However, our research objectives require a conceptual scheme that will enable us to establish similarities and differences by identifying clusters of factors characteristic of different types of co-operatives. In order to achieve this objective it is necessary to develop a common framework for the study of the different types of industrial co-operatives.

### ***1.32 Formal Organizational Theory and Co-operative Organizations***

To find a common ground for the study of the different types of industrial co-operatives in Ghana, this research study will orient itself to modern organisation theory. With its multi-disciplinary approach, modern organisational theory has conceived of organisations as a "collection of interacting and independent individuals who work toward common goals and whose relationships are determined according to a certain structure."<sup>20</sup> Blau has also pointed out that organisation theory is "a theory of organisation, whatever its specific nature and regardless of how subtle the organisation process it takes into account, has as its central aim to establish the constellation of characters that develop organisation of various kinds."<sup>21</sup>

In studying organisations, organisation theorists have concerned themselves with the individual organisation members, groups and power relations in organisations. Attention has also been given to the relationship between

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<sup>19</sup>See for instance, R. Robotka op. cit.

<sup>20</sup>W. J. Duncan, *Organizational Behavior*, Boston Mass., Houghton Mifflin, 1981.

<sup>21</sup>P. M. Blau, *The Comparative Study of Organizations*, *Industrial and Labour Relations Review*, Vol. 18, No. 3, p323-38, April 1965.



organisational structure, its performance as well as its environment.<sup>22</sup> The results of such studies have been used as bases of investigation into a wide range of organisations including, industrial and commercial firms, social clubs, churches and voluntary organisations.<sup>23</sup>

Since the 1960's, there has been a special concern by organisation theorists with the structure and functioning of formal organisations. In a considerable number of studies, they have developed empirically testable hypotheses and concepts for the study of organisational structures. This has made it possible to develop organisation profiles for a comparative study.<sup>24</sup>

The importance of this to our study can be best understood from the conceptualisation of organisation structure in modern organisation theory. According to Selznick, organisation structure is the "institutionalised patterns and procedures bringing resources to bear on goal attainment processes and regulating the commitments of participants to the organisation."<sup>25</sup> Badran has also indicated that the importance of structure "lies in the fact that structuring of activities of organisation is an institutionalisation of the control process in organisation" He argues that the function of structure is to "hold together in an

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<sup>22</sup>See for instance, R. H. Hall (ed.), *Complex Organizations: History of Management Thought series*, Aldershot, England. W. W. Cooper, H. J. Leavitt and M. W. Shelley, (eds.), *New Perspectives in Organizational Research*, New York, John Wiley, 1964. Gary G. Hamilton and Nicole W. Biggart, *Market, Culture and Authority, A Comparative Analysis of Management and Organization in the Far East*, *American Journal of Sociology*, Vol. 94, Supplement, 1988.

<sup>23</sup>D. S. Pugh and C. R. Hinnings (eds.), *Organization Structure: Extensions and Replications*, Saxone House, Hampshire, 1978.

<sup>24</sup>R. H. Hall, *op. cit.*

<sup>25</sup>Cited from M. Badran and C. R. Hinnings, *Strategies of Administrative Control and Contextual Constraints in a less developed Country: The Case of Egyptian Public Enterprise*, *Organizational Studies*, vol. 1, no. 4, 1980.



authoritative manner the whole entity of organisation rather than randomness, to give it consistency and stability".<sup>26</sup>

The definition of formal organisation structure as given above has primarily been associated with the authority structure of bureaucratic organisations. In such organisations, the authority structure specifies the functional relationship between superiors and subordinates. At the various hierarchical levels of the authority are, e.g. managers, supervisors and group leaders. Authority is exercised downward through a hierarchy of full-time officials who influence the behaviour of lower level participants in the organisation. That is, the direction of the initiation of orders is from a higher level to a lower one.

From the conceptualisation of organizational structure given above, a framework from a system's point of view has been developed for the study of organizations. This framework, mainly developed by the Aston Group, provides a framework of significant variables and their relationships.<sup>27</sup>

According to Pugh, the framework for the study of organisations suggests that the pattern of authority relationships in organisations will be related to the structuring of activities. The structuring of activities implies the degree to which behaviour is overtly defined.<sup>28</sup> This involves the degree of specialisation in task allocation, the degree of standardisation of

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<sup>26</sup>Ibid.

<sup>27</sup>D. S. Pugh, D. J. Hinnings, C. R. Turner, C. MacDonald, K. M. Lipton and T. Lupton, A Conceptual Scheme for organizational analysis, *Administrative Science Quarterly*, Vol. 8, p289-315, 1963

<sup>28</sup>D. S. Pugh, D. J. Hickson, C. R. Hinings and C. Turner, Dimensions of Organization Structure, *Administrative Science, Quarterly*, VI. 13, 1968.

organisational routines and the degree of formalization (extent to which rules in organisations are written down).<sup>29</sup> Pugh has further suggested that the study of the structure and activities of organisational structure must be conducted in relationship to its other contextual variables. The contextual variables describe the circumstances or conditions under which an organisation operates. Research has highlighted a number of crucial contextual variables which appear to influence the structure of organisations;. These contextual variables include; the characteristics of organisations such as technology, origins and history, social functions, and ownership control and the socio-economic context in which the organisation operates..<sup>30</sup>

Our study is based on the paradigm of relationship developed in the Aston conceptual scheme. This is because the conceptual scheme provides some universalistic propositions on the relationships between the structural and contextual variables of organisations. In addition, it provides comparative data that can be used to study co-operatives.

The nature of co-operatives as self-managed organisations will, however, necessitate some modifications in the conceptual scheme discussed above. In a co-operative, the accountability structure represents the hierarchical structure of the co-operative organisation. In this hierarchical structure, the general assembly of members has the highest authority. Theoretically, this means that authority is exerted from the lower to the higher levels in a co-operative. The

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<sup>29</sup> Ibid.

<sup>30</sup> D. S. Pugh, D. J. Hickson, C. R. Hinings, and C. Turner, The Context of Organization Structures, Administrative Science Quarterly, Vol. 14, 1969.



accountability structure, therefore, presents two forms of participation in decision making. The forms of participation can be direct or indirect in a co-operative. In the direct participation, there is a personal and immediate involvement of members in decision making. Whereas in the indirect form of participation, there is a mediated involvement of members through some form of representation. That is, the general assembly appoints the management committees as the elected officers of the co-operatives.<sup>31</sup>

The exercise of the will of members in co-operatives can also be done through an administrative body of full time officials. The administrative component is the hierarchical structure of full time officials for the implementation of the policies of the co-operatives. According to Champion, the administrative component is "that part of an organisation charged with co-ordinating , facilitating and supporting the activities of the rest of the organisation."<sup>32</sup> He points out further that it consists of " all administrative, clerical, technical, professional and kindred employees of the association" referred to as "staff".<sup>33</sup>

The discussions above provide us with two components of the organisational structure of co-operatives. These components are the accountability structure and the administrative components. The accountability structure, as we pointed out earlier, provides the structures along which participation in decision making takes place in the co-operative. The accountability structure also provides the basis for distinguishing co-operatives as self-managed organisations from other

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<sup>31</sup>See D. C. Jones and Jan Svejnar (ed.), *Participatory and Self-managed firms*, Toronto, 1982.

<sup>32</sup>Dean Champion, *The Sociology of Organizations*, McGraw Hill, London, 1975.

<sup>33</sup>*Ibid.*



organisations. The accountability structure, therefore, serves us as a general model for the study of the participatory schemes in the different types of co-operatives in this study. The administrative component, on the other hand, exists for the implementation of the policies of a co-operative.

Though the accountability structure serves as a common basis for a comparative study of participatory schemes in co-operatives, it does not mean that all co-operatives would have similar accountability structures. Certainly, the wide variety of co-operatives, their various tasks and the different socio-economic context in which they operate would lead to differences in their accountability structures.

A survey of the literature on co-operative management for the major sources of differences in the accountability structure in co-operative suggests the following dimensions along which accountability structures can differ:<sup>34</sup>

The substitution of direct participation in decision-making with indirect forms of participation can lead to the establishment of representative bodies. This will bring about the division of labour among members and consequently role specialisation in the different roles in the co-operatives.

The introduction of indirect form of participation can further affect access to decision making by individual members or groups. Consequently, the amount

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<sup>34</sup>For details on structural factors in co-operatives see, E. Dulfer, Betriebswirtschaftslehre der. op. cit.. For other related self-managed organizations see for instance, M. Rosner op. cit.. and also H. P. Dachler and B. Wilpert, op. cit.

of control individual members or groups will have over the affairs of the co-operatives will differ.

Even if all members had equal access to decision making, the application of different decision making rules can influence the degree of member participation and exercise of control in the co-operatives. For instance, in co-operatives, it is expected that the application of co-operative principles would provide the basis of democratic management. However, the adoption of other decision making rules to regulate the activities of co-operatives may create other sources of influence in the co-operatives. Co-operatives also differ in a number of ways, for instance, they differ in their use of technology, the degree of co-operation in the use of economic resources and their social functions. Furthermore, the relation of members to their co-operatives will differ according to the type of co-operatives. We pointed out earlier in this chapter that members in a worker co-operative are fully integrated in their co-operative whereas in a service co-operative members own their individual enterprises. This means that a combination of the different, physical and socio-economic factors would lead to major differences in the way each co-operative is organised.

We have up to this point illustrated the bases for a comparative study of co-operatives. This was based on our reliance on modern organisation theory. This provides the basis for establishing the commonalties and possible sources of differences in the participatory schemes in co-operative organisations.

Attempts at the development of a common framework for the study of different types of co-operatives have come from few quarters. In recent times, some co-operative theorists have conceived of co-operatives as a distinct form of business co-operation based on self-help and self-administration.<sup>35</sup> Bergman, for instance, has defined co-operatives as “an institutionalised collaboration of members with equal right in co-operative forms of enterprise.”<sup>36</sup> He points out that his aim is not to consider the service co-operatives and the worker co-operatives as an antithesis, but “to establish a continuum of main forms, which coexist synchronically and list them according to their degree of integration”.<sup>37</sup> In this sense, various types of co-operatives are considered as steps of progressing integration. At the one end is the service co-operatives and at the other end is the fully integrated co-operatives.

Dulfer has also provided a model of co-operatives which seeks to identify common features shared by all co-operatives, irrespective of the type or form of organisation. In his model, he specifies the following characteristics of co-operative organisations:<sup>38</sup>

- a. Individual members as a group,
- b. The membership group bound together by a common interest,
- c. The co-operative enterprise, set up by the collective resources of the members, and

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<sup>35</sup>This follows attempts to consider co-operatives as a business undertaking and apply modern management theories to their study. For details of such studies see for instance, G. Draheim, *Zur Okonomisierung der Genossenschaften*, *Gesammelte Beiträge zur Gennossenschaftstheorie und Gennossenschaftspolitik*, Gottingen, 1967, P. G. Helmberger and S. Hoos, *Co-operative Enterprise and Organization Theory*, *Journal of Farm Economics*, Vol. VXLIV No. 2 May 1962,

<sup>36</sup> T. Bergman, K. Bartolke and L. Ludwig, *Integrated Co-operatives in Industrial Society, The Example of Kibbutz*, Van Goran, Assen, Netherlands, 1980

<sup>37</sup>T. Bergman et al, op. cit.

<sup>38</sup>E. Dulfer, *Betriebswirtschaftslehre der..op. cit.*



- d. The task of the enterprise is to provide service to the co-operative members.

According to Dulfer, these make up the basic structure of a co-operative. He has explained that there exists an identifiable or unique structure and membership group which together form the co-operative organisation.

Though the examples from Dulfer and Bergman make efforts to provide a basic scheme for the study of co-operatives, they do not go far enough to produce the basic dimensions upon which a systematic study can be done. Bergman, for instance produces a broad conceptualisation of co-operatives but does not give any directions for its study. Dulfer, in his work does go farther by applying organisational theoretical models, but limits them to only the service co-operatives.

The efficacy of our approach, that is, our use of modern organisation theory to develop a conceptual scheme, can be seen in its ability to help us identify the structural factors of the scheme of participation in co-operative organisations. It also recognises the influence of contextual variables on the co-operatives. Although research studies by organisation theorists tend to produce conflicting findings, they have produced directions of relationships between structural and contextual variables of organisation to help in any meaningful analysis. Moreover, they have developed measures to guide us in the collection of information on the structural and contextual variables.<sup>39</sup>

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<sup>39</sup> See for instance, W. W. Cooper et al. op. cit.. D. S Pugh and C. R. Hinnings, op. cit. and also R. H. Hall

This is in contrast to the sociological and anthropological approaches to the study of co-operatives mentioned earlier. As we pointed out, these have failed to consider the influence of the internal organisational factors of co-operatives on member participation in decision making within co-operative organisations. The sociological and anthropological studies have rather concerned themselves with environmental factors which are only tangential to the structure and functioning of the co-operatives. In addition, they have adopted a narrower perspective of the organisation of co-operatives. This perspective has considered the ideal classical model as a blueprint for the establishment of co-operatives. The sociological and anthropological studies have not sought to consider possible variations in the participatory schemes of co-operatives and how this can determine the degree of member participation in decision making in co-operatives.

Notwithstanding the advantages of our approach, we should also exercise some caution in its use in the study of co-operatives in developing countries. We have to point out that the organisational framework offers only general theoretical framework for the study. However, we would still have to rely on the different co-operative theories to explain individual cases. This is essential, because empirical evidence suggests that different types of co-operatives tend to experience distinct organisational problems. For instance, relationship between members of a worker co-operative and the co-operative enterprise is

different from that of members of a service co-operative and their co-operative enterprise. While the members of workers co-operatives are fully integrated into their co-operative organisation, members of the service co-operatives are quite independent from their organisation. That is, they own their individual enterprises and the co-operative only provides auxiliary services to them. Hence, it should be expected that structural differences in the participatory schemes would have different consequences for member participation and control in the two types of co-operative. Below we have given an outline of the major hypotheses of the research and the conceptual scheme for the study.

### ***1.33 Major Hypothesis of the Research***

The major objectives of this research include an investigation into member participation in decision making and control over the affairs of the co-operatives and the extent to which the participatory schemes in the co-operatives affects member participation and control. It is also our objective to examine the influence of the organisational conditions under which the co-operatives operate on the participatory schemes in the co-operative. In order to investigate these objectives, we shall test some empirically accepted hypotheses in organisation theory. Our intention of doing this is to obtain external validity for the study. Hence, the study should be seen as an attempt to extend the feasibility of formal organisation theory in the study of co-operative organisations in developing countries.

The following hypotheses are proposed for the study:

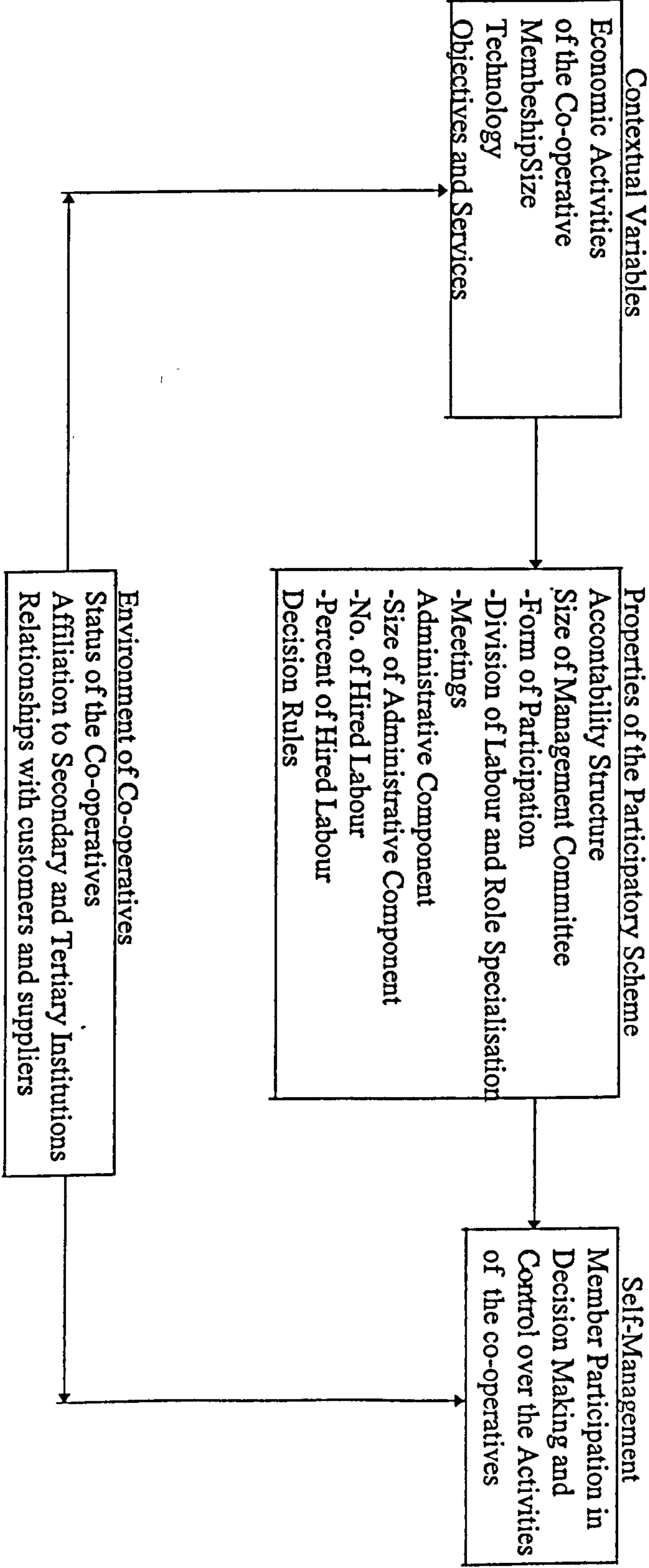


1. The maintenance of the character of co-operatives as a self-managed organisation will be associated with the degree of member participation in decision making and control over its affairs. This will be enabled by principles and ideals of co-operatives and participatory schemes in the co-operatives.
2. Although co-operatives follow similar principles and ideals, their participatory schemes will vary in terms of the structuring of activities in the individual co-operatives. Such variations will occur along the following dimensions;
  - a. forms of representation; direct or indirect participation in decision making
  - b. division of labour and role specialisation in the co-operatives
  - c. kind of decision-making rules used to regulate activities in the co-operative.
3. Since co-operatives operate in different circumstances and undertake different activities, it is hypothesised that their given objectives as well as technological and socio-economic factors will determine the way activities are structured in the co-operatives.
4. Hypotheses (2) and (3) suggest a range of factors that are directly or indirectly related to participation and control in co-operatives. It is therefore, expected that a certain pattern or clusters of variables, both structural and contextual, would tend to be associated with certain types of co-operatives and their participatory schemes.

Below is the conceptual framework underlying our hypotheses. This is illustrated in figure 1

*A CONCEPTUAL SCHEME FOR THE STUDY OF SELF MANAGEMENT  
AND PARTICIPATORY SCHEMES IN THE CO-OPERATIVES*

Figure 1



Altogether, four classes of variables can be identified from the model: they include the contextual variables describing the organisational conditions and the societal environment in which the co-operatives operate, the properties of participatory schemes in the co-operatives, and the degree of member participation in decision making and control in the co-operatives.

The contextual variables describe organisational conditions in the co-operatives. The contextual variables act as extraneous variables which must be controlled before it would be possible to identify the differences and similarities between the participatory schemes of the co-operatives.

The properties of the scheme of participation are the attributes of the accountability structures. The accountability structure provides access to members of a co-operative to participate in decision making within the co-operative. Hence, they provide the dimensions along which participation and control in a co-operatives may vary. The accountability structure can, therefore, be considered as a dependent variable in relation to the contextual variables and as an independent variable in relation to the degree of participation and control in co-operatives.

Self-management is considered as the result of member participation in decision making and control over the affairs of co-operatives. This variable also indicates the distribution of control between various decision-making bodies in co-operatives. It is, therefore, considered as the major dependent variable in the study.



The external environment of the co-operatives involves those socio-cultural and institutional elements which influence the structuring of activities and decision making in the co-operatives. Appendix 1 provides a summary of the variables and their measures used in the study.

### **1.34 *The Comparative Method***

The objectives of this study stress the need for a comparative study of co-operatives. The comparative method has been adopted not only to test our hypothesis, but also to provide a basis for indicating the conditions determining the differences or similarities in the participatory schemes in co-operatives.

According to Kast and Rosenzweig, the comparative method deals with the evaluation of variations in organisation design, management practices, employee attitudes and behaviour in different organisations. They contend that it is “a shift from concentrating on unique organisations toward seeking generalisations about patterns of relationship in a variety of settings”.<sup>40</sup>

Blau has also pointed out that the comparative method involves “a systematic comparison of a fairly large number of organisations in order to establish relationships between their characteristics”.<sup>41</sup> He has further indicated that theoretical significance of the method is “not only to test hypothesis implied by such theory, but also to provide an initial exploration and refinement of the

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<sup>40</sup>F. E. Kast and J. E. Rosenzweig, *Organization and Management, A Systems and Contingency Approach*, New York, 1985.

<sup>41</sup>P. M. Blau op. cit.

theory by indicating the conditions under which relationships, originally assumed to hold universally, are contingent.” These are achieved by the use of systems approach and contingency views of organisations.<sup>42</sup>

The theoretical importance of the comparative method to this research lies in our objective to investigate the conditions that generate different participatory schemes in co-operatives. It also comes from our aim to bring new explanations of the behaviour of co-operative organisations within the socio-economic setting in which they operate in Ghana.

There have been a considerable number of studies adopting the comparative method. For instance, there has been a systematic attempt to use the comparative method as a basis for refining Weber’s theory of bureaucracy.<sup>43</sup> Research has sought to refine this theory by indicating conditions under which the concurrence of the various bureaucratic characteristics are contingent to clarify variations in organisation structures.<sup>44</sup>

Woodward also carried out research to find out the relationship between the complexity of technology and organisation structure. By grouping organisations on the basis of their production technologies, she was able to establish the

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<sup>42</sup>According to Kast and Rosenzweig, the systems approach provides a framework for comparative analysis by suggesting the key variables for consideration. Contingency views are based on the systems concept. It lays emphasis on specific characteristics of organizations and patterns of interrelationships among subsystems. F. E. Kast and J. E. Rosenzweig, op. cit.

<sup>43</sup>This was his general theory of types of political order and authority in which he provided prescriptions of possible modes of action and the ideal type organization. See Max Weber, *Theory of Social and Economic Organization*, New York, Free Press, 1947.

<sup>44</sup>P. M. Blau op. cit. See also J. T. Tobby, (ed.), *An Introduction to Social Research*, New York , 1967.

relationship between technology and structural factors as the span of control in organisation.<sup>45</sup>

Pugh and associates also studied the activities of work organisations in relation to their structural characteristics and the social context in which they operate. A comparative factorial approach was adopted to establish the effects of various patterns of interrelationships among different organisational variables.<sup>46</sup>

In our study, co-operatives will be compared with respect to the degree of member participation and control over their activities, their participatory schemes and the organisational conditions within which they operate. That is, the co-operatives will be compared on factors we believe to lead to different degrees of participation and control. It is expected that co-operatives in which members have similar degrees of participation and control will also exhibit similar structural properties in their participatory schemes. That is, such co-operatives are expected to have similar structural attributes. The knowledge of these structural properties will be based on our theoretical understanding of the factors discussed in our theoretical framework above. This should help us determine impact of the participatory schemes in co-operatives on member participation and control.

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<sup>45</sup>See D. S. Pugh et al A Conceptual Scheme...op. cit.

<sup>46</sup>See Pugh et al., The Context of...op. cit.



The approach discussed above will involve the construction of co-operative types of participatory schemes. There will not be an a priori classification of the co-operatives in construction of the typologies. The classification will be derived from empirical data.<sup>47</sup>

In spite of the apparent usefulness of the comparative method, it has encountered some criticisms in the literature. Much concern has been expressed over its ability to control threats to the internal validity of research studies. Internal validity is a problem, because the comparison of different groups in comparative studies is based on the theoretical knowledge of factors that are assumed to lead to certain outcomes.<sup>48</sup> Critics of the method have pointed out that incomplete knowledge of the factors describing the organisation conditions and the different environments in which organisations operate means that the results of a comparative study cannot be attributed to only those variables identified in the study.

Another source of threat to internal validity comes from the fact that groups selected for comparative studies tend to be non-randomised. Because selection is not randomized, there is the possibility that results of the study can be attributed to other characteristics of the particular group.<sup>49</sup>

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<sup>47</sup> See J. R. Tobby op. cit.

<sup>48</sup> S. E. Seashore, E. E. Lawler, (eds.) *Assessing Organizational Change, A guide to methods, measures and practices*, New York, 1980.

<sup>49</sup> In random assignments individual population elements are identified and are randomly assigned. The method ensures that the groups are equivalent on average with respect to all characteristics observed and unobserved. For further discussions on this issue see, for example, J. B. Grossman, *Evaluating Social Policies: Principles and US Experiences*, *The World Bank Research Observer*, Vol. 9, No.2 (July 1994) p159-180, J. Newman, L. Rawlings and P. Getter, *Using Randomized Control Designs in Evaluating Social Sector Programmes in Developing Countries*, *The World Bank Research Observer*, op. cit.

Seashore has, however, pointed out that these problems can be confronted to some extent if it can be demonstrated that the groups are comparable in several areas.<sup>50</sup> According to him, this can be done by using a broad range of measurement packages and analytic techniques. In fact, our attempt to achieve the external validity of the study by investigating empirically tested hypotheses indirectly contributes to the improvement of internal validity for the study. This is because, those hypotheses not only inform us of the major variables and the theoretical relationships between them, but also provide empirical evidence of their impact on organisational behaviour.

The comparative method has further implications on the nature of data to be used. In comparative research, data is restricted to records of activities in organisations. The collection of data also involves interviews with key informants without any intensive investigation of internal social processes in organisations as in a case study. In this sense, comparative research sacrifices depth of information to acquire sufficient breadth. This may set limitations on validity of our study but then it allows us to focus on other contingent factors.

In the discussions above, we referred only to threats of extraneous variables to the validity of the research findings, however, another set of disturbing factors should to be taken into account. This refers to measurement errors resulting from variations in responses to questionnaire items.. These can undermine the reliability of measures developed for the study; that is, the accuracy of the test

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<sup>50</sup>S. E. Seashore and E. E. Lawler, *op. cit.*



scores. Such errors can only be reduced by increasing the reliability of our measurement instruments so that the scores obtained during field work do not fluctuate randomly.

### ***1.35 Types of Analysis***

The method of investigation outlined above illustrates how the hypothesised relationship between the various variables can be analysed in this research study. The major aim of our research methodology, as outlined above, involves the test of various hypotheses as a means of finding answers to our research questions. To understand how the co-operatives differ among themselves, the units of analysis will be at the organisational level. The reason for analysing the data at the organisational level comes from our intention to study how structural elements in the co-operative affect membership participation and control. We shall therefore distinguish between the different decision making bodies in a co-operative, namely, management committees membership group and external interest groups. Data will be aggregated to determine the patterned distribution of control among decisions making bodies in the co-operatives. At the organisational, level we shall distinguish between global variables and aggregated variables. The global variables are variables of the organisation, for example, size of the organisation, which are independent of individual or group behaviour. The aggregated scores are scores of member participation and control. They will be based on group means and will be used to determine total amount of control in a co-operative.



Cross tabulations will be used to elaborate the relationships between specific variables. This is a mechanism for matching groups and will involve the division of the our sample into sub-groups, e.g. according to patterns of control. Cross tabulation can be expanded to allow the elaboration of relationships between the variables. The objective is to examine variables that might interfere with the results of our analysis. The procedure also involves the division of the sample into sub-groups according to categories of the controlled variable.

#### **1.4    *The Survey Design***

The population for the study includes all the industrial producer and service co-operatives operating in the Greater Accra Region of Ghana. As we indicated earlier on, this involves co-operatives operating outside the agriculture sector. The Greater Accra Region has a population of approximately 1,400,000 which is 11.6% of the total population of Ghana. The region consists of the city of Accra, the Tema township and three rural districts. The rural districts have a total population of 234,612, which is 16% of the total population of the Greater Accra Region. The two towns together have a population of 1,854,454, about 83.5% of the population of the region.

The region also offers a vast contrast in its ethnic composition and in the level of economic development. There is the city of Accra, the capital of Ghana, with

a cosmopolitan characteristic and a higher level of development. In contrast, is the rather homogeneous ethnic character of the outlying rural districts.

#### **1.41 *The Sample***

The sample of co-operatives was derived from a list of co-operatives operating in the Greater Accra Area. This list was obtained from the Department of Co-operatives in Accra.. Out of the total number 87 of co-operatives, 31 were selected for the study. This accounted for 36% of the total population of industrial producers and service co-operatives in the Greater Accra Region.

The sample of 31 co-operatives included co-operatives operating in 9 different economic sectors. These co-operatives are: gin distillers (10), taxi drivers (10), salt winners (1), tie and dye (1), block makers (2), rattan weavers (1), herbalists (1), grain millers (2), and electrical workers (3). The numbers in the brackets represent the total number of co-operatives in the sample. (Appendix 2 provides information on the total number of co-operatives in our sample).

Two approaches were adopted for the selection of the sample for the study. For the taxi co-operatives and the distilleries, a random selection of ten co-operatives was made from each group. From the remaining co-operatives, our only choice was to select the total number of co-operatives available in their respective industrial field. In the case of salt co-operatives, the local union was selected in place of the primary co-operatives, because all decision making and activities of the co-operatives took place at the secondary level. The five

photographers' co-operatives shown in the list of co-operatives were left out because they had virtually become private enterprises. They had lost their committees and therefore would not have been able to provide any respondents.

#### **1.42 *Data Collection Methods***

The collection of data for the study took place from September 1992 to January 1993. The following methods were used to collect the data: informant interviewing, observation of meetings and review of existing documents.

##### **1. Informant interviewing**

The major respondents were the management committee of the co-operatives. They were asked to answer questions from a standardised questionnaire about the characteristics of the co-operatives, properties of the participatory schemes, social functions and the relationship of the co-operative with the external world. We interviewed only the members of the management committee because most of the information sought required precise knowledge of records and events which we assumed ordinary members of the co-operatives would have no clear idea about. These interviews were conducted at the premises of the co-operatives in the presence of all members of the committees of management.



In addition to the interviews, discussions on individual co-operatives were held with Co-operative Officers of the Department of Co-operatives who supervise the activities of the co-operatives in their respective districts. Altogether, the number of people interviewed were 372. Appendix 3 provides the key respondents in the survey. We must express some concern here on the effect on the validity of our research results in restricting our respondents to the members of the management committees and officers of the department of co-operatives. This relates particularly to the measures of control in the co-operatives. It might be stated that in collecting information in this way the views expressed will be attributed to the management committees only. However, the approach we took had sought to ensure the validity of research in the sense that it is able to identify possible sources of measurement errors. The questionnaire used for the research is provided in Appendix 4.

## 2. Official Documents and Reports

We anticipated that not all information could be collected by informant interviewing. Other types of information had to be obtained from documents.

Such information included:

- a. Information from inspection and audit reports on the activities of the co-operatives
- b. Minutes of the meetings of the management committees. In particular, we were interested in the types of decisions issues the management committees dealt with at such meetings.
- c. Characteristics of the co-operatives, e.g., size, technology, etc.

### 3. Observation of meetings

The data sources given above have been restricted to records and the interviewing of key informants. It was considered essential also to observe the way in which participation in decision making takes place in the co-operatives. This was to help us understand the social processes involved in decision making within the co-operatives. Hence, we attended three annual general meetings of the Gin Distillers co-operatives. These were not randomly selected, they were meetings which took place at the time of the survey.

### *Outline of the Study*

The rest of the study is conceived in the following parts: CHAPTER TWO examines the different types of industrial co-operatives. This is to gain an idea of the activities of our sample of co-operatives. In CHAPTER THREE we discuss the conceptions of participation in the management literature and identify the basic scheme of participation in co-operatives. CHAPTER FOUR examines the degree of member participation and control in the co-operatives. The participatory schemes in the co-operatives and their influence on member participation and control are investigated in CHAPTER FIVE. In CHAPTER SIX we examine the organisational conditions of the co-operatives. Especially, this chapter examines the extent to which the structural factors in the co-operatives reflect the elements of socio-cultural and institutional environment in Ghana. CHAPTER SEVEN examines the patterns of organisational development in the co-operatives. CHAPTER EIGHT sets out the conclusions of the research.

## Chapter 2

### THE TYPES OF CO-OPERATIVES

In order to study self-management in the industrial co-operatives, it is first essential that we gain an idea of the nature and types of industrial co-operatives in our sample. This chapter, therefore, investigates the origins of industrial co-operatives in Ghana, their forms of organisation, their economic activities, their markets and the economic sectors in which they operate.

#### ***2.1 Origins of Industrial Co-operatives in Ghana***

The first recorded industrial co-operatives in Ghana were the timber production co-operatives. The timber production co-operatives were initially organised to meet increased overseas demand for timber products after the end of the second world war. The members of these co-operatives were not actually the "pit sawyers" or the workers themselves, but their supervisors.

By organising their workers into co-operatives or gangs of workers, it became easier for the supervisors to increase their production and manage their enterprises.<sup>1</sup> It was not until 1959 that these co-operatives were able to extend their membership to the workers. Through the initiative of the government of Ghana, a number of industrial co-operatives were also established in several

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<sup>1</sup>Dept. of Co-operatives, History of Co-operatives, 1928-1985.



fields of industrial activity in the country. These early forms of industrial co-operatives included:<sup>2</sup>

### **1. The Association of Labour Co-operatives (LACO)**

Founded in 1959, this co-operative association was intended to act as an investment trust for member co-operative organisations. Hence, its tasks were to obtain funds, in particular, from the Trades Union Congress in Ghana and other sources and channel them for the development of co-operatives. Its members were the main apex organisations of industrial co-operatives in Ghana.

### **2. The Industrial Co-operative Society**

The aim of this co-operative society was to establish a series of industrial co-operatives in the country. It, therefore, operated a consumer retail shop, motor repair workshop, oil processing plant and building projects.

### **3. The Diamond Co-operative Winners**

These were established in 1956 to organise diamond winners in the diamond mining areas of Ghana. Among its major objectives was to market members' diamond winnings at the government diamond markets in Ghana.

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<sup>2</sup> H. H. Munker, Die Organisation der... op. cit.

#### **4. Co-operative Investment Trust**

To secure the financial stability of the industrial co-operatives, a co-operate Investment Trust was established in 1961. The trust was formed to ensure that funds granted by the Government reached needy societies.

The co-operatives described above were mostly established as national apex bodies. Their immediate tasks were to initiate the establishment of primary co-operative societies. The development of co-operatives has also been associated with political developments in Ghana. Four different periods of time in the development of co-operatives in Ghana can be identified.

The first period, 1961-66, marks the era of the first republic. All the co-operatives established within those years were considered as part of the political wing of the ruling government party. For instance, the government caused the formation of several agricultural and industrial co-operatives as part of its development programme. After 1966, co-operatives operated mostly in the agricultural sector dealing in food production and cocoa marketing. The second period, 1966-1972, refers to the second republic in which liberal market policies were experimented in Ghana. During this era, co-operatives rarely featured in the government's development programmes. The third period was from 1972-1985 and involved mostly years of military rule and economic and political instability in Ghana. The post 1985 co-operatives emerged in a period of relative political stability and Ghana's experimentation with free market policies. In contrast to the previous

years, most of the co-operatives established in our sample did not originate from explicit government policy but developed out of the initiative of the members themselves.<sup>3</sup>

## **2.2    *The Organization of the Co-operatives***

The principal economic activities of our sample of co-operatives cover industrial sectors including, salt winning, gin distilleries, textiles, block makers, rattan weavers, taxi drivers, corn millers, herbalists and electrical workers. Below is a brief account of how they are organised.

### **1.     *The Salt Winners Co-operatives***

The salt winning co-operatives cover the whole of the villages around the rural Songhor lagoon in the Ada district of the Greater Accra region. In an area where farming and fishing are the dominant traditional economic activities, salt winning offers an extra income for the people during its main season from October to February.

The formation of the salt winners co-operatives was a result of competition and conflicts between the villagers and private entrepreneurs. Hence, the formation of the co-operatives was not only to organise the salt winners to bring harmony in the area, but also to strengthen their competitiveness. Each of the ten villages in

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<sup>3</sup>See Dept. of Co-operatives, op cit.



the Songhor lagoon has its own co-operative society. , The membership of the ten co-operatives in the community is mostly drawn from the heads of families in the villages. In turn, the ten co-operative societies formed a local union.

It is essential to note that each co-operative society is an autonomous organisation with its own secretary and a management committee. However, many managerial functions of the societies are centralised at the local co-operative union. This is a development which has perhaps been necessitated by the closeness of the villages. The co-operative union is made up of a management, committee comprising the president of each of the co-operative societies. In reality, it is the co-operative union which collects all the levies, sets prices for the salt and negotiates with contract buyers. Furthermore, it co-ordinates the whole salt winning operations and represents the industry. The co-operative societies are left with the provision of welfare services to their respective members.

The co-operative societies and the co-operative union have been organised for the sale of the members' salt. The individual family groups work independently, on their own. After winning the salt, the members sell it to itinerant buyers. The major duties of the union are to supervise the sale of salt and collect levies from the workers. These levies are the major sources of finance for the co-operatives. At the end of the financial year, the disposable surplus obtained from the economic return are distributed to the individual co-operative societies.

## **2. The Gin Distillers**

The gin distillers co-operatives are the oldest industrial co-operatives in the country. They also represent the largest co-operative sector not only in the Greater Accra Region, but also in the whole economy of Ghana. From their very beginnings, the distilleries co-operatives have maintained a complete monopoly in the production and marketing of the Akpeteshie Gin in Ghana. This is due to legislation instrument, the Sale of Spirits Act of 1962, which made the membership of a distilleries co-operatives in the country a condition for the issue of apketeshie gin distillery license to any producer.<sup>4</sup> The main objectives of the Act were to ensure that the distillation of the apketeshie gin was carried out under hygienic conditions and that the distillers paid duties and taxes to the government.

The present organisation of the gin distilleries co-operatives in the Greater Accra region appears to have derived its character from these objectives. The actual duties of the societies have involved the inspection of the payment of levies by the individual member in their areas of operation. These payments are made during the issue of way-bills to the members. The way bills must accompany the transportation of every apketeshie gin distilled in the country. The levies paid by the members form the major source of income for the societies. Part of this is paid to the regional union and as income tax to the central government.

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<sup>4</sup> Ibid.

The gin distillers co-operatives operate in most cases as tax collecting agents. There is virtually no functional co-operation between them and the membership group. Members actually carry out their gin distilling individually in their family enterprises. In many instances, richer members with production facilities allowed their fellow members to use their facilities for some fees. Though the distilling of the gin occurred within the same workshop, very little co-operation between the members was observed..

### **3. The Taxi Drivers Co-operatives**

The taxi drivers co-operatives are the only recent addition to the co-operative sector in the country. Although there has already been co-operatives in the transport sector, they differed from the taxi drivers co-operatives in that they were organised by the transport owners themselves. The taxi drivers co-operatives were formed by taxi drivers who were themselves the workers. The idea of these co-operatives originated from two sources. The increasing competition in this sector had led to demand for more taxi stations or ranks for passengers. The organisation of such stations were originally part of the duties of the taxi drivers' union, a branch of the national drivers' trades union, the Ghana Private Roads Transport Union (GPRTU). The dissatisfaction with their trades union leaders, the belief by some drivers in self-management and accountability and the quest for more efficient ways of organising these stations had led to the formation of these co-operatives in the capital, Accra.



The main objective of these co-operatives is, therefore, to acquire more stations and to manage them efficiently for their members. The co-operatives also seek to bring discipline and order in taxi driving. Furthermore, the society provides legal aid for individual drivers involved in traffic offences.

#### **4. The Grain Millers Co-operatives**

The Grain Millers' co-operatives represent some of the few remaining grain milling co-operatives which were established in the nineteen seventies and eighties in Ghana. The societies consist of individual grain milling entrepreneurs whose main aim is to foster unity between members. In particular, the fixing of prices by the society to avoid conflict and competition. In addition, members hope that through the society they could have a local representation on matters concerning their industry. The sources of finance of the society are the entrance fees and monthly levies collected from members.

#### **5. The Rattan Weavers**

The rattan weavers belong to the tourist industry in Ghana. The winning of more customers from abroad for its members, therefore, forms the major objective of this co-operative. The formation of this co-operative stems from the need to secure a workshop where the products of members could be more accessible to their foreign customers. In addition, the society has been used as a means of appealing to governmental organisations to offer them a place in local exhibitions.

The society has managed to bring members to work together in the same workshop. However, members work as autonomous work groups, which include

apprentices who cannot be members of the co-operatives until they have graduated from their apprenticeship. In addition, the sale of the products is done by individual members, except for products submitted for exhibitions. Like the other co-operatives, its main sources of funds are the monthly levies paid by members.

## **6. Electrical Workers Co-operatives**

The electrical workers co-operative are, in the true sense, the classical labour co-partnership co-operatives, where the aim of members is to sell their labour. The origins of these societies come from the retrenchment of technicians from a major fishing company in Ghana. The company, while needing the services of these technicians in its ships, did not however, want to give them full time employment.

Three worker co-operatives, therefore, emerged to take on the contracts from the company. The formation of the three worker co-operatives was based on the fields of specialisation of the workers, namely; refrigeration, mechanical and electronical repairs. The societies which consist of only the former employees of this shipping company derive their income solely from the contracts given to them by the company.

## **7. The Herbalists Co-operative**

Established in 1990, the herbalists co-operative aims to transform traditional forms of medicine production into a modern scientific production process. By this the society not only hopes to improve the quality of herbal medicine, but also to dispel the mysticism associated with herbal medicine and to improve its image in

Ghana. Hence, the society has set up a laboratory to carry out scientific experiments to determine the efficacy of herbal medicine. In addition, the society has obtained a license to produce herbal medicine and set up a pharmacy. The organisation of the society is, therefore, built around the production, marketing and the dispensing of medicines to patients. Furthermore, the members have acquired a farm on which to grow their herbs collectively.

#### **8. The Co-operative Block Makers**

The block makers block makers consists of individual block makers whose aim is to co-operate in the procurement of the raw materials at lower costs for their respective enterprises. In addition, the co-operative acts as an occupational association by taking interest in the general welfare of its members. Like the members of the Grain milling co-operatives, the members of these co-operatives are mainly businessmen or local entrepreneurs.



## **9. Textiles (Tie and Dye) Co-operatives**

The textiles co-operatives share similar objectives and forms of co-operation as the Block Makers co-operatives. Consisting of membership of mainly women, the society's main concern is the supply of textile materials to its members. The society also advises members on issues such as taxation and marketing of the products.

### **2.3 *The Forms of Co-operation***

The form of co-operation is a dominant feature of a co-operative or any joint social action. It describes the social range of activities the co-operatives undertake on behalf of the members and the degree to which individual members are integrated into the co-operatives. The form of co-operation has also implications for the choice of organisation form and the management of a co-operative. This is because it can determine the intensity of activities within the co-operatives and the autonomy of the individual members' enterprises.

To assess the form of co-operation adopted by each co-operatives, we identified three areas of activities. These were, production, marketing and supply activities.

In addition to this, we considered the form of ownership of assets in the co-operative as a crucial element which can determine the form of co-operation in each of the above mentioned areas of co-operation. The form of co-operation in the four areas stated above was measured by simply asking the members of the management committees to describe the form of co-operation in their co-

operatives either as “individually” or “collectively”. When an area of co-operation is described as “individually”, it means the activities in that area were carried out independently by individual members. The activities carried out by the co-operatives on behalf of the members were described as “collectively”. In Appendix 5, we have provided the forms of co-operation in the four areas, as reported by members of the management committees in the co-operatives. In Table 2.1, we also present the number and percentage of co-operatives in each of the four areas of co-operatives. The Table also provides information on whether the form of co-operation was based on individual member activities or collective.

Table 2.1

Areas of Co-operation in the Co-operatives

Areas of Co-operation	Individually		Collectively	
	No. of Co-ops	Percent of Co-ops	No. of Co-ops	Percent of Co-ops
Production	27	87	4	13
Marketing	27	87	6	19
Supply of resources	25	81	8	26
Ownership of Assets	27	87	4	13

### Co-operation in Production

Out of the 31 co-operatives in our sample, it was only in four co-operatives where co-operation in production took place on collective basis. These co-operatives were the three electrical workers and the herbalists co-operatives. The rest of the

co-operatives did not show any evidence of joint activity in production. Even in cases where members were seen to be working in one production estate, there was virtually no form of co-operation between them. Especially, amongst the gin distillers and rattan weavers, we observed that their production activities actually took place within the individual member groups which were independent of each other. These groups consisted of family members and sometimes apprentices. A particular example was the Rattan Weavers who found it essential to acquire a strategic outlet to demonstrate their export oriented products but preferred to work individually. In the gin distillers co-operatives, it was the practice of the richer members to rent their production facilities to other members.

### **Co-operation in Marketing**

There was very little joint marketing in the co-operatives. In the gin distillers co-operative, the ideal method of marketing would have been for members to bring their products to the co-operative store room, where they were to be sold to retailers by the co-operative management for distribution. Since most co-operatives had no store rooms, the members undertook to sell their products themselves. The duty of the co-operatives' management was, therefore, to issue waybills for the transportation of the products and to collect levies from the amount sold.

Marketing at the salt winners co-operatives was done in a similar manner but at the level of their co-operative union. The co-operative union supervises the sales



of salt by issuing way bills and collects levies on the amount of produce sold by the members.

Marketing at the rattan weavers co-operatives has both elements of collective and individual marketing. Individual members sold their products as and when they wanted without any supervision from the society. Collective marketing most often takes place when they have to sell at exhibitions and trade fairs.

A joint approach to marketing of products could be observed only at the Herbalists co-operatives. This was due to the fact that the society had set up a pharmacy where drugs are sold and dispensed at the same time.

### **Co-operation in the Supply of Resources**

Supply of resources is mostly an individual member activity. In fact, the Tie and Dye co-operative has as its major objective to supply its members with cheaper fabrics for cloth-making, but this function was abandoned when the raw fabrics became abundant on the market in later years.

The Rattan Weavers also engaged in joint acquisition of raw materials on a number of occasions. This occurred whenever there was a sudden shortage of canes, their major raw material, in the market. The Distillers, Salt winners and Taxi drivers reported no form of co-operation in the supply of resources.

### **Co-operation in the Ownership of Assets:**

The form of co-operation in the ownership of assets forms a major constituent element of a co-operative. In most cases, it has been associated with the ownership of technology and production facilities where members work.

Table 2.1 shows little co-operation in the ownership of assets. Again, it is the electrical workers and Herbalists co-operatives who collectively own their assets. In the rest of the societies, members own their work tools.

The above Table shows that there exists very little co-operation in any of the four areas of co-operation. Practically, only four of the co-operatives, the Herbalists and the three electrical co-operatives, show very high degree of co-operation in all four areas as indicated above.

### **2.4    *The Types of Industrial Co-operatives***

In chapter one of this study, we identified two major theoretical models of co-operatives: the worker and service co-operatives. This classification should help us to pay special attention to the peculiarities of the different types of co-operatives in our study.

The worker co-operatives were described as co-operatives in which there is no individual autonomous individual enterprise. The individual members are considered as both workers and managers of the co-operatives. According to Abell and Mahony, two variants of labour co-partnership can be identified in the worker co-operatives.<sup>5</sup>

These are;

- a. Co-operatives contracting for the hire of their members labour,  
and
- b. Co-operative workshops or factories owned and controlled by  
members themselves.

The service co-operatives are those co-operatives aiding individual members who have their own enterprises with auxiliary services. These auxiliary services are, for instance, provision of credit, managerial services, and market related services such as, supply of resources and marketing of products.

The distribution of the co-operatives according to the types of co-operatives is shown in Table 2.2.

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<sup>5</sup>P. Abell and N. Mahony, The economic and social potential of Industrial Co-operatives in the Developing Countries, International Co-operative Alliance, Special Report, 1980.



Table 2.2  
The Types of Co-operatives and their Industry Groups

Co-operative Industry Group	Co-operatives Contracting members' labour	Co-operatives with collective workshops	Service Co-operatives
Gin Distillers			10
Taxi Drivers			10
Rattan Weavers			1
Block Makers			2
Herbalists		1	
Electrical Workers	3		
Tie and Dye			1
Grain Millers			2
Salt Winners			1
Total	3	1	27

The Table shows that the service co-operatives are the most predominant type co-operatives. These are a loose federated systems of co-operatives in which the membership comprises autonomous groups of individual and their family businesses. Here, only the owners of the enterprise are the registered members of the co-operatives. The co-operatives act as an umbrella organisation for such local groupings.

Only one co-operative, the herbalists, conform to the classical worker co-operatives based on the collective ownership of a production facility where members work together. The three electrical co-operatives can be distinguished

from the herbalists co-operatives, because of their aim to contract or hire members' labour for income. In this study, these co-operatives will altogether be considered as workers co-operatives.

The service co-operatives can further be classified as single-purpose or multi-purpose co-operatives. As single-purpose co-operatives, the co-operatives undertake individual functions such as marketing or the supply of sources to members. Multi-purpose co-operatives, on the other hand, combine a number of functions such as marketing and supply of resources. Table 2.3 shows the different types of service co-operatives.

Table 2.3  
The Types of Service Co-operatives

The Types of Service Co-operatives			
Co-operatives	Supply	Marketing	Classification
1. Salt Winners		+	Single Purpose
2. Gin Distillers		+	Single Purpose
3. Tie And Dye	+		Single Purpose
4. Grain Millers		+	Single Purpose
5. Rattan Weavers	+	+	Multi-Purpose
6. Block Makers	+		Single Purpose

In the Table, the co-operatives are further classified as single- or multi-purpose co-operatives according to the number of market related functions they undertake. The information showing the distribution of the co-operatives was

derived from the description of the activities and organisation of the co-operatives in section 2.2.

The Table shows that the dominant type of service co-operatives is the single-purpose marketing co-operatives. Such co-operatives are established to market the products of their members. It is possible, however, that such co-operatives might take on other functions such as the provision of financial assistance and managerial advice to members. The supply co-operatives include the tie and dye and the block makers co-operatives.

Of the 31 co-operatives studied, only the 10 distilleries are affiliated to secondary and tertiary co-operatives. The primary societies were affiliated to district or local unions who are in turn part of a regional and national set-up. The salt winners co-operatives and the taxi drivers co-operatives had just established their secondary or district unions at the time of the study and have, therefore, no national association. We also observed other forms of affiliation by some co-operatives with other organisation, which were not registered as co-operative organisation. These co-operatives were, in particular, the grain millers, rattan weavers and herbalists co-operatives. These were members of a regional or national trading or occupational associations. The rest of the co-operatives existed as individual economic entities without any affiliations.



## **2.5     *The Membership Group***

We have in the above sections discussed the various types of co-operatives and their activities. The membership group in co-operatives have been regarded as a major component of any co-operative. While they act as recipient of its services, they are also the contributors of its resources. In this section, we shall consider the types of membership in the co-operatives.

There were two predominant types of members in the co-operatives, the workers and the business entrepreneurs. Members were characterised as workers on the ground that they were paid employees who have formed co-operatives to further their common interests. (Appendix 5 provides the types of membership groups in the co-operatives). About 45 per cent of the co-operative fall into this category. These were mainly the taxi drivers co-operatives and the electrical workers. The taxi drivers served as employees to private transport owners and the electrical workers were previously workers of a fishing company.

The other group of members, the co-operative entrepreneurs were represented by the majority of co-operatives accounting for 55 per cent. These co-operatives were the gin distillers, block makers, the rattan weavers and herbalists. They are described as co-operative entrepreneurs because their members own and manage their own businesses.

It can be observed above that the members of the herbalists co-operative which was classified as a worker co-operatives, have been described as entrepreneurs.

Theoretically, these members should have been described as workers since they are members of a worker co-operatives. However, it was observed that members of the herbalists co-operatives were themselves herbalists who own their private business enterprises.

In all, the co-operatives membership was open and voluntary. However, there were instances where we observed that membership was restricted to particular ethnic groups. This was not due to any deliberate policy, but was caused by the concentration of a particular ethnic group in particular communities.

Such co-operatives included the grain milling co-operatives whose membership comprise the same ethnic group, because they had settled in the same community in Accra. The salt winners also by virtue of their geographical location in the rural Songhor lagoon, consisted of the same ethnic group.

## **2.6    *The Co-operatives and their markets in Ghana***

The previous sections of this chapter furnished us with some information on the activities and the organisation of the industrial co-operatives in our sample. In this section, we extend our discussions to the markets and the economic sectors in which the co-operatives operate in Ghana. The aim of this is to provide us with information on the position of the co-operatives in the economy of Ghana.

The position of co-operatives in the economies of developing countries has been described in a number of ways. Generally, co-operatives have been associated with the informal economies of those countries. According to Andrea, the most common characteristics of the informal economies include:<sup>6</sup>

- ◆ ease of entry into the sectors
- ◆ reliance on indigenous resources
- ◆ labour intensive and adapted technology
- ◆ acquisition of skills outside the formal school system
- ◆ an unregulated and competitive market.

Co-operatives are associated with the informal economies because the individual members' enterprises or the co-operative enterprise themselves operate as small-scale businesses. These small-scale businesses use, for instance, indigenous technology, employ workers with lower skills and tend to operate in the informal markets. In appendix 5, we have assembled some of these characteristics of the co-operatives. They include technology and size of the co-operatives,

In addition to their association with the informal economy, it has been argued that co-operatives operate mostly in unprofitable sectors in developing economies. Such sectors are those disregarded by private enterprises because they consider them unprofitable. Furthermore, co-operatives enterprises, as small scale

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<sup>6</sup>.G. Andrae, Industry in Ghana, Production Form and Spatial Structure, 1981.



businesses, are considered to be appendages of the large scale business in the formal economies of developing countries because they engage in sub-contracting,

Not all the 31 co-operatives we studied fit into the market situations described above. For instance, the distillers have almost a 100% monopoly of their market.

The salt co-operative also possessed a complete monopoly of the salt reserves in the areas of operation and commandeered a ready market of salt both in the country and the neighbouring West African countries. In spite of the abundance of taxis in the country, the taxi drivers co-operatives operated in a thriving sector.

In reality, competition in this sector was not so much on passengers, but rather with their former mother organisation, the Ghana Private Road and Transport Union (GPRTU), over fixing of locations for taxi stations.

Most of the co-operatives operated in the traditional sectors where raw materials were secured from local resources and production. Furthermore, almost all the co-operatives marketed their products through the local traditional markets. This was with the exception of the salt and gin distillers co-operatives where some bulk purchasing took place on contractual basis. For instance, most members of the distillers co-operatives delivered their produce directly to retailers who may be either member of a similar co-operative or private retailers.

## Summary

The objective of this chapter was to provide some information on the types of co-operatives under study. We began by outlining the origins of industrial co-operatives in Ghana. We also discussed the major characteristics of the co-operatives including their activities, membership group, forms of co-operation and the economic sectors in which the co-operatives operate.

All the co-operatives we studied were engaged in some form of production activity, except the taxi driver co-operatives. There was, however, little collective or joint activity in production, supply of resources, marketing and the ownership of resources.

In general, we distinguished between two major types of co-operatives namely, the service and the worker co-operatives. The majority of the co-operatives, twenty-seven in number, fall under the category of service co-operatives. These were co-operatives whose members owned their private enterprises and had set up joint co-operative enterprises for the promotion of their economic activities. There were only four worker co-operatives.

The sectors in which the co-operatives operated were confined to the informal sector of the Ghanaian economy. Hence, links with suppliers and consumers were by single orders and with outlets through small scale retailers. The

electrical workers appeared to be the only co-operatives which obtained contracts from the formal economy.

In general, the discussions in this chapter outlined the organisational conditions in which the co-operatives operate. In our theoretical model, they were considered to contribute to variations in the participatory schemes in the co-operatives. Before this is investigated, the following chapter will first examine self-management and control in the co-operatives.



## **Chapter 3**

### **THE SCHEME OF PARTICIPATION IN CO-OPERATIVES**

This research study is designed to investigate member participation and control in industrial co-operatives in Ghana. The research also seeks to provide an empirical description of participatory schemes in the industrial co-operatives. This is to help determine how participatory schemes in the industrial co-operatives influence member participation and control.

As a first step in conducting this investigation, it is essential that we understand the conceptions of participation and control in organisations. In particular, the various theories that explain the relationship between the participatory schemes and participation and control in organisations.

#### ***3.1 Conceptions of Participation and Control in Organizations***

The concepts participation and control have gained widespread use in the political science, sociological and management literature. This has come about because of their use to describe various social events and behaviour of people in different organisations. A common feature of the use of the two concepts is the interpretation of participation in terms of control or influence and power.

In the management literature, especially in the studies of organisation democracy, similar approaches have been used for their interpretation.

For instances, French has defined participation as;

*a process in which two or more parties influence each other in making plans. It is restricted to decisions that have further effects on all those making the decisions and those represented by them.*<sup>1</sup>

Lammers in reference to the calls by human relations movements for power equalisation in organisations has also defined participation as .

*the totality of forms of upwards exercise of power by subordinates in organisations as are perceived by themselves and their superiors*<sup>2</sup>

In traditional weberian terms, participation is described as:

*the chance of a unit in a social system to put through its own interest in the process of determining the needs or goals in the production and distribution of means for the fulfilment of what this chance is based on.*<sup>3</sup>

It is clear from the definitions of participation above that participation involves the exercise of influence or control in organisations. According to control theory, increased participation in decision making in organisation by its members should

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<sup>1</sup>J. R. P. French, J. Israel and D. As, An Experiment in Participation in a Norwegian Factory, Human Relation 13, (3-19)

<sup>2</sup>C.J Lammers, Power and participation in Decision Making in formal organisations, American Journal of Sociology, 73:210-217, 1967.

<sup>3</sup>Cited for K. Bartolke et al., Participation and Control, A comparative study of Industrial Relations in Israel, Kibbutzim and Federal Republic of Germany, Bamberg, 1985.

lead to a greater amount of control and fairer distribution of influence within organisations.<sup>4</sup>

Tannenbaum has further defined control as "any process in which a person or group of persons determines, that is intentionally affects, the behaviour of another person, groups or organisation"<sup>5</sup>

In the literature of organisation democracy, control is further associated with power in organisations. Tannenbaum has pointed out that "to exercise control is to determine outcomes and that is the essence of power"<sup>6</sup>. According to Follet, "power (is) simply the ability to make things happen, to be causal agent, to initiate change"<sup>7</sup>

Central to the relationship between participation and control is the concept of organisational democracy. According to Tannenbaum, organisation democracy describes a situation in which there is a more or equal distribution of power among interest groups. Tannenbaum, therefore, describes a democratic organisation as one in which the rank and file members can "legitimately determine outcome, makes things happen, act as casual agents, initiate changes".<sup>8</sup>

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<sup>4</sup> A.S Tannenbaum (ed.) Controversies about Control and Democracy in Organisations, in R.N. Stern and S. MaCarthy, (eds.) Organisation Practice and Democracy, New York 1986.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.  
<sup>7</sup> Ibid.

<sup>8</sup> Ibid.



It is quite clear from the various statements above that participation in decision making can be conceived of as the exercise of control in organisations. That is, involvement in decision-making makes it possible to put through ones' interest in the processes of determining "needs and goals" in organisations. It is also a process that makes it possible for individuals to "intentionally affect the behaviour of others". Hence, a measure of the amount of control exercised by members of an organisation describes their degree of participation in decision making.<sup>9</sup>

The conceptualisation of participation as the exercise of control in organisations has been seen in terms of relationships between employers and workers. In co-operatives organisation, participation is part of the processes to ensure self-determination and self-management by individual members and groups who are themselves owners and managers of their enterprises.<sup>10</sup>

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<sup>9</sup>In literature it is also assumed that worker participation in decision making within organisation will lead to increased satisfaction and commitment in organisations. This has, however, been subject to a number of criticisms. It has been argued that effects of participation and control on the motivation well being of organisation members might be subject to certain organisational conditions. These include, for example, the size of the organisations, climate group characteristics etc. For a detail literature on these criticisms see, T.D. Wall and J.A. Lischeron, Worker Participation. A critique of the Literature and some Fresh Evidence, London, McGraw Hill, 1977.

<sup>10</sup> T.L Whistler et al, An Empirical Study of its Meaning and Measurement, in A.S. Tannenbaum (ed.) Control in Organisation, New York, 1968

Furthermore, the definitions of control above suggest that control can be exerted through formal and informal mechanisms. The two are not distinctively separate. According to Smith and Ari, the basic elements and functions of control in organisations include;

*formal aspects, such as formulating policy and making decisions, exercising authority in implementing decisions, and applying rewards and sanctions for conformity and deviance. It may include informal mechanisms and techniques, such as non legitimated pressure, informal discussions, and decision making.*<sup>11</sup>

Tannenbaum has also pointed out that one does not have to be physically present at meetings to exert influence. Informal participation through discussion that takes place outside meeting halls makes it possible for organisation members to influence discussions.<sup>12</sup>

### **3.2 Social Theories of Participation**

The relationship between participation and control in organisations has been fundamental to the design of schemes of participation in organisations. The major objective of participatory schemes is to enable organisation participants to have access to decision making within organisations. The design of participatory schemes has also been associated with various social theories underlying

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<sup>11</sup>C. G. Smith and O. N. Ari, Organization Control Structure and Member Consensus. In: A. S. Tannenbaum, Control in Organizations, op. cit.

<sup>12</sup> A.S. Tannenbaum, Controversies about ..... op, cit.

participation in organisation. In order to appreciate the various participatory schemes in co-operatives, it is first essential to examine the social theories of participation. These are the socialist and the democratic theories.

The democratic theories of participation come from social and political theories about the involvement of ordinary citizens in decision making. Since in capitalist economies and societies, workers do not manage organisations, the idea of worker participation in decision-making is considered as a means of extending democracy to the industrial field where they earn their livelihood.<sup>13</sup>

In contrast with the democratic theories, the main concern of socialist theories is the wider implication of social class systems and the relationship of people to the means of production in organisation. The socialist theories point out that, "there is no inherent right of capital to participate in management."<sup>14</sup> They argue that "all who contribute to the production at whatever level of skills or scope of competence have the fundamental right to manage that production".<sup>15</sup> Hence, the socialist theories rather assign the right to participate in management of organisations to the workers themselves, but not to the owners of capital.

The social theories of participation have led to the development of different participatory schemes in organisations. A salutary example of participatory schemes which have evolved from socialist theories of participation is the former

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<sup>13</sup>H. P. Dachler and B Wilpert, op. cit.

<sup>14</sup>C. E. Gunn, op. cit.

<sup>15</sup> Ibid.



Yugoslavian self-managed enterprises. It is a scheme of participation in which the workers of the enterprises elect their management who are given the authority to make policy and implement them. The control of enterprises is considered as delegated to the workers by society. Hence, the enterprises are not legally the property of workers, but are managed by them on behalf of society.

Another example of a socialist conception of self-managed organisation is the kibbutz movement in Israel. These are communal organisations existing in a society of private property and market economy. The kibbutz movement consists of individual enterprises engaged in various fields of economic activities.

The basic philosophy underlying the kibbutz movement is the idea of mutual help and responsibility in the satisfaction of the personal needs of their members. Participation in the enterprises occurs both directly through the worker assembly, and indirectly, by elections to the different committees and the management board.

In capitalist societies, legislation has sought to increase the participation of workers through a number of schemes.<sup>16</sup>

They include:

- a. Interest groups democracy: collective bargaining through which organised labour gains power to take an independent role vis a vis management.
- b. Representative democracy: A system whereby those at the lower levels of an organisation can influence policies decided at higher levels e.g., workers on management boards, works councils.
- c. Work-linked democracy: participation of those directly involved in decisions about how work shall be done at their level e.g. autonomous work groups.

### **3.3    *The Scheme of Participation in Co-operatives.***

The conceptions of participation in co-operative have been mostly derived from the socialist theory. In particular, worker co-operatives have been built on the rationale that collective ownership of enterprises would ensure worker self-determination and self-management.<sup>17</sup>

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<sup>16</sup> E. L. Trist, The Sociotechnical Perspective, in A. H. Van de Ven and W. F. Joyce (eds.), Perspectives in Organisation Design and Behaviour, New York, John Wiley, 1981. See also ILO Participation of Workers in Decision Making within Undertakings, Labour Managed Series, No. 33 and S. Clegg, Organisation democracy, power and Participation, in T. Crouch and F. Heller, (eds.), Organisation and Democracy and Political Process, New York, 1983

<sup>17</sup>P. Abell, The Viability of Industrial Producer co-operatives. In: T. Crouch and Heller, op. cit.

The idea of a worker co-operative enterprise originally stems from Robert Owen's concepts of "self-governing industrial communities" and Charles Fourier's "Phalansters" in Great Britain and France respectively. These industrial experiments were set up as a reaction to the break down of old craft and artisan trade owing to the exploitation of craft men by the early industrialists during industrial revolution in the 18th century. Hence, workers co-operatives were set up to relieve the poor workers from the exploitation of the early industrialists.

Though the service co-operatives share the same ideological and social values of participation and self-management with the worker co-operatives, in practice they have developed different goals. That is, the individual member entrepreneurs of the co-operatives seek participation and control in a jointly owned enterprise in order to improve their bargaining power in market economies.<sup>18</sup>

Underlying the basic scheme of participation in co-operatives is the accountability structure. As we pointed out earlier, the accountability structure is the hierarchical structure in co-operative organisations. The accountability structure, therefore, represents the structural relationship between the members of the co-operative and their organisation. This relationship comes from the fact that in a co-operative members are both owner/managers and patrons or workers of their

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<sup>18</sup> See for instance, P.G. Helmberger, Co-operative Enterprise as a Structural Dimension of Farm Markets, Journal of Farm Economics, Vol., XLVI No. 3, August 1964



organisation. This places the co-operatives members in the position of decision makers in their enterprise.

The members of a co-operative, as decision makers, can be grouped into two major decision making bodies. They are the general body of members, that is the membership group, and the management committee. These are the major decision making bodies empowered to make decisions on behalf of the members.

The membership group, that is general body of members, is the "policy making" body in a co-operative.<sup>19</sup> They therefore have the ultimate authority in the affairs of the co-operative. In Ghana, their duties are contained in NLC Decree No. 252 of 1968 and the co-operative model bye-laws as follows: (See model bye-laws in Appendix 6)

1. Expulsion of members
2. Consideration of reports of the committee
3. Election of the members of the committee
4. Authorisation of the committee to raise loans and set interest on Loans to members.
5. Approve any amendments to the bye laws of the co-operative
6. Approve the Annual Budgets of the co-operative.

According to section 30 (ii) of the model co-operative bye-laws, the duties of the

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<sup>19</sup>E. Dulfer, Betriebswirtschaftlehre der, op. cit.

management committee include:

1. Ensuring that the regulations and laws of the co-operative society are complied with by the members
2. Conducting the business of the co-operative society, e.g. raising loans and making investments.
3. Representing the co-operative society in its dealings and transactions with outsiders.
4. Employing and determining the salary of secretary of the society.
5. Overseeing that businesses of the co-operative society are duly recorded in its accounting books by the secretary.
6. Carry out the resolutions of the General Assembly

The model bye-laws are quite flexible in assigning tasks to the decision making bodies. For instance, they consider both direct and indirect representation in the management of the affairs of co-operatives. Direct representation is concerned with institutional matters as, election of officers and approval of annual accounts. This occurs through general meetings and special general meetings.

The duties of the management committee are managerial and involve the day to day administration of the co-operatives. In Ghana, the model co-operative bye-laws stipulate a minimum of seven members on the committee. The principal office holders in the management committee are the President, Vice President and Treasurer of the co-operatives.

The President of a Co-operative plays more or less an executive role. He does not only supervise the administrative staff but also transacts most of the business of the society. The treasurer also plays quite a significant role in co-operatives. It is a convention in Ghana that the treasurer and the secretary of co-operative each keeps one of the keys to the society's safe. It is also required that the treasurer receives moneys paid to the society.

In addition to the distribution of control between the various decision making bodies as specified in the bye-laws, the Co-operative Decree Number 252 of Ghana reserves some powers for the Registrar of Co-operative Societies. These are actually supervisory powers and involve the inspection and audit of the accounting books, arbitration of disputes and the approval of annual accounts of a co-operative.

Furthermore, officers of the department of co-operatives are allowed to attend meetings of the co-operatives in order to make sure that members adhere to the standing orders and procedures of meetings.

The structural arrangements laid down in the model bye laws for co-operatives seek to give the co-operatives stability and continuity in their organisation. It also imposes some bureaucratic features on the co-operatives by stipulating the roles of decision making bodies and well defined positions.



Table 3.1 provides a summary of the roles of the decision making bodies in co-operatives.

Table 3.1  
Decision Making Bodies and their Normative Roles in Co-operatives in Ghana

Decision Making Bodies			
Decision Issues	Membership Group	Management Committee	External Interest Groups
1. Disposal of Surplus	Decides		
2. Amending Bye-laws		Amends	Approves
3. Election of Officers	Elects		
4. Compliance of Rules		Ensures Compliance	
5. Admission of Members	Admits new members		
6. Salary of Office Staff		Appoints staff and fixes salary	
7. Book-keeping & Accounts			
8. Interest Rate on Savings		Keeps accounts	Audits and Approves of Annual Accounts

In the Table are the three decision making bodies empowered to participate in the decision making within the co-operatives by the bye-laws. They are the membership group, management committee and the external interest groups, e.g. the Registrar of Co-operative Societies. The table also contains a list of decision issues and the types of roles assigned to the various decision making bodies. The description of the accountability structure given above provides a common basis for studying the scheme of participation in co-operatives.

There are, however, a number of options available for individual co-operatives to design their organisation. For instance, co-operative regulations do not regulate all economic activities in the co-operatives. Activities such as the market relations of co-operatives and technical matters concerning the production of goods and services are not mentioned in the bye laws.. The model bye-laws are more concerned with institutional and administrative issues such as election of officers and admissions of new members.

## **Summary**

The major aim of this chapter was to provide an understanding of the basic scheme of participation in co-operatives. To do this, we examined the existing literature on participation and control in organisations. We also explored the social theories underlying the design of various participatory schemes in organisations.

The participatory schemes in co-operatives are derived from the socialist theories on participation in organisations. The socialist theories seek to give workers the ultimate authority in the management of organisations. The accountability structure served as a basis for studying the scheme of participation. We also looked at how co-operative regulations in Ghana have helped define the pattern of authority relationships between the different decision making bodies. It was observed that the co-operative regulations did not cover the whole universe of



activities in co-operatives. They were more concerned with institutional and administrative issues.

## **Chapter 4**

### **SELF-MANAGEMENT AND CONTROL IN THE CO-OPERATIVES**

It is a major assumption of this research study that the character of co-operatives as self-managed organisations is associated with the degree of member participation in decision making and control over their affairs. Our conceptualisation of participation and control in the previous chapter suggested that the study of control in co-operatives should provide the indicator to the participatory potentials of the co-operative members.

Hence, in this chapter, our attention will be focused on the exercise of control by the various decision making bodies in the co-operatives. Our interest will also be centred on the exercise of control by the various decision making bodies over the decision issues in the co-operatives. Furthermore, we shall examine patterns of control in the co-operatives, That is, the distribution of control among the decision making bodies in the individual co-operatives. Before we investigate the tasks set out for this chapter, it is first essential that we examine the methodological issues associated with the measurement of control in organisations.

#### **4.1 *Methodological Issues in the Measurement of Control***

Measuring control in organisations has gained a great deal of controversy in the management literature. Literature indicates three major approaches to the measurement of control in organisations. They are: <sup>1</sup>

- a. The use of documents as organization charts, statements of rules and other records.
- b. Ratings by researchers and experts; observation of and judgements about the organisation by researchers, experts and key informants,
- c. The use of the survey method, that is, a sample survey of organisation members' perceptions of control.

##### **a. The Use of Documents**

The use of organisation charts and documentary records provides concise information from organisation records. However, there is a tendency to miss out decisions that have for one reason or the other been kept out of records.

##### **b. Ratings by the researcher and experts**

The reliance on judgements through experts and ratings from researchers are supposed to provide enough information and theoretical understanding of "control". A major problem with this approach is that it tends to involve only a few key informants. However, a large number of people are exposed to the entire events in an organisation and measuring control from a few key informants misses out a considerable amount of information. <sup>2</sup>

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<sup>1</sup>A.S Tannenbaum, Controversies about Control, op. cit.

<sup>2</sup>Ibid.



In spite of this, this approach has been employed in most studies. For instance, the international research group on industrial democracy in Europe, (IDE) made a comparative study of organisation democracy in Europe and adopted this approach. They relied mostly on experts and "when the researchers felt that (on the basis of their observations and interviews) averaging experts' ratings could provide a biased picture, they substituted the researchers rating for that of the experts".<sup>3</sup>

c. Sample survey of respondents

By the survey method it is assumed that a large number of people are exposed to the formal and informal activities of the organisation and it is therefore essential to obtain some information on their perception of control. In effect, this approach seeks to rectify the defects of the two approaches stated above. The measurement of control from a sample of organisation members is based on their reports on the amount of control they perceive themselves and others to have exercised.

Three major limitations have been associated with the survey method. The judgements of respondents on control only describe their perception of control. The assumed relationship between participation and control might come from the respondents' illusions of control. This has also been described as "psychological

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<sup>3</sup>Industrial Democracy in Europe Research Group, (IDE), Industrial Democracy in Europe, Oxford, Charlton Press, 1981.

participation". That is, the idea that individual members might perceive themselves to be exercising control through participation though they are not.<sup>4</sup>

A second problem relates to the perceptual distortion of the concepts.<sup>5</sup> Respondents are also expected to have a reasonable knowledge of the events that define control in the organisation. The lack of information about activities of other groups in the organisation by respondents can lead to response errors. Pennings has indicated that where an organisation has a great number of hierarchical levels, respondents might find it difficult to know how much control a hierarchical level actually possesses.<sup>6</sup>

A third limitation of the method comes from the possibility that respondents' interpretations of control might not correspond with the technical definition of the researcher or experts. The IDE studies on industrial democracy in Europe suggested that some respondents might attach positive meanings to it while others might view it negatively, or even include non decision making activities in their interpretations. They further showed that such differences in respondents' perceptions of control might even be due to the different cultural settings in which they find themselves.<sup>7</sup>

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<sup>4</sup>See B. M. Staw 1986. Beyond the control Graph; Steps towards a Model Perceived Control in organisations in R.N. Stern and S. MaCarthy (eds.). The Organisation Practice of Democracy, New York 1986, and A.S Tannenbaum and S. G. South, Effects of member. Influence in an Organisation Phenomenology versus organisation Structure, in A.S Tannenbaum (ed.) Control in Organisation, op. cit.

<sup>5</sup>J. M Pennings, Dimensions of organizational influence and their effectiveness correlates, Administrative Science Quarterly, Vol. 21, 1976

<sup>6</sup>Ibid.

<sup>7</sup>IDE, op. cit.

Despite the above mentioned sources of threats to the internal validity of the research findings of the survey method, it has gained a more widespread use than the other two methods. Researchers who have employed the method have gone on to suggest a number of solutions to alleviate its limitations.

For instance, a number of researchers have argued that the "average" response of respondents is close to the actual control exercised in an organisation. This, therefore, eases out the difference between technical definition and respondents interpretations of control.<sup>8</sup>

Another strategy adopted by researchers to help solve problems of perceptual distortion of control and discrepancies in the interpretations of control is to test the reliability of the answers to the questionnaire items. This is done by using "replication of coefficients".<sup>9</sup> Replication of coefficients can be done by computing product moment correlation coefficients between aggregate ratings of the different groups of respondents to determine the degree to which they replicate themselves.<sup>10</sup>

#### **4.2 Methodology for the Measure of Control in the Co-operatives**

Our approach to the measurement of control in the co-operatives leans mainly on the IDE methods. It was based on observation of and judgements about the co-operatives by the researcher, key informants and local experts. The key

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<sup>8</sup>A.S Tannenbaum, controversies about control.... op. cit.

<sup>9</sup>See S. E. Seashore et al, op. cit. and J. M Pennings, op. cit.

<sup>10</sup>J. M. Pennings, op. cit.



informants were the members of the management committees in the co-operatives. The local experts were the secretaries to the co-operatives and the officers of the Department of Co-operatives.

The researcher's ratings were based on conversations and observations of activities during interviews with key respondents. The ratings were also supported by the use of records from:

- a. Minute books. These provided information on the number of decisions taken during committee meetings.
- b. Audit reports from the officers of the Department of Co-operatives. This provided information on the auditors comments on the expenditure and investments in the co-operatives.

The ratings of the researcher and key informants were related to a 21 decision making issues designed to cover the different activities of the co-operatives. Respondents' responses were rated on a 5 point likert scale, ranging from:

1. No influence
2. Little influence
3. Quite a bit of influence
4. A great deal of influence
5. A very great deal of influence

In the ratings of influence, both the researcher's and key respondents' ratings were averaged to obtain a score for a decision issue for a decision making body. We have to point out here that our measurement of control involves both formal and informal forms of control. As we pointed out earlier, our conception of control as perceived influence or reports from key informants underscores both forms of control.

Following IDE, an influence-information matrix for each co-operative was constructed.<sup>11</sup> This contained three decision making bodies: The Membership Group, (MG) management committee (MC), and External interest groups (EX). These are decision making bodies explicitly recognised in both co-operatives bye-laws and national regulations on co-operatives as bodies legally mandated to exercise control over the affairs of the co-operatives in Ghana.<sup>12</sup> A score of 1-5 on the likert 5 point scale was recorded in each cell to indicate the degree of influence exercised by a decision-making body on a decision issue.

#### **4.21 *The Selection of Decision Making Areas***

The selection of decision making areas provided quite a problem. This is because researchers have not been able to provide a satisfactory guidance to determine which decision issues are necessary. Available information does not show any consensus on this issue so far.<sup>13</sup>

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<sup>11</sup>IDE op. cit.

<sup>12</sup>See NLC Decree No. 252 of 1968, Ghana

<sup>13</sup>In fact, what we have are various choices. For instances, in the IDE Studies sixteen decision issues were adopted, Bartolke et al, also considered 12 for their comparative study of participation and control in German firms and the Kibbutz. Tannenbaum also

Following Epizona and ILO, we used twenty-one decision issues which distinguished between three domains of activities in the co-operatives. These are, social and administrative decisions, production and technical decisions and economic decisions.<sup>14</sup>

- **SOCIAL AND ADMINISTRATIVE DECISIONS** deal with institutional functions involving formulating and legitimating of procedures and rules about the organisation: for example, decisions about the elections of officers, the recruitment of members and the formulation of the objectives of the co-operatives.
- **PRODUCTION AND TECHNICAL DECISIONS** deal with the joint production activities of the co-operatives: for instance, the ways in which members are organised to do their work.
- **ECONOMIC DECISIONS** relate to managerial functions of resources allocation, investment and market relations of the co-operatives.

Our choice of twenty-one decisions was intended to capture as much as possible the universe of activities and events in the co-operatives. It was also an attempt

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adopted 13 decisions for the study of control in Yugoslavia self-managed enterprises. See K. Bartolke et al, op. cit., IDE op. cit. and A.S. Tannenbaum and J. Zupanov, The distribution of control in some Yugoslavia Industrial organisation as perceived by members, in A.S Tannenbaum (ed.) control in organisations, op. cit.

<sup>14</sup>J. G Epizona and A.S. Zimbalist, Economics Democracy, Work Participation in Chilean Industry 1970-1973, Academic Press, New York 1978 and ILO (International Labour Organisation, Participation of Workers... op. cit.



to remove possible biases in our measures that might come from the different sets of activities in the co-operatives.

#### **4.22 *The Adequacy of our Methodology***

The methodology adopted to measure control in the co-operatives uses mainly key informants and the researchers' evaluations. This has the inherent weaknesses and strengths discussed earlier. Firstly, the measurement was associated with a few individuals. These were the management committees of the co-operatives. This means that the perceptions of control from the membership group were not taken into account. Hence, it is possible that the measure of control adopted here may not encapsulate the whole universe of activities in the co-operatives.

We adopted this approach for a number of reasons. During the collection of the data, we experienced some differences in our technical definition of control and respondents' interpretations of the concept. Respondents did not know actually what constitutes influence or control in the decision making in a co-operative. In addition, our interview schedule was not translated into any of the Ghanaian local languages to allow for a uniform interpretation of control. For this reason, we reckoned that adopting the survey method can lead to severe distortions in our measures.

A further problem was with obtaining a sample of respondents. Most of the measures of control had involved organisations whose members can be found in the organisation at a particular point in time. Most of the co-operatives we studied, especially the co-operatives whose members owned their own enterprises, were scattered over different communities. Drawing a sample from

them was time consuming and expensive. This made it impossible to conduct an interview with them.

Certainly, the relatively small number of our participants should be a major cause for concern. As we pointed out earlier, the use of only the members of the management committees, local experts and the researchers' ratings of influence may not encapsulate the whole of the organisation life in the co-operatives. Especially, when control involves both formal and informal activities which tend to embrace the whole of organisation members.

However, there are some advantages of the method that contribute to the validity of measurement of control. By sacrificing in depth information, we are able to obtain sufficient amount of information as is required by comparative studies. An example of this is our choice of a larger number of issues to obtain adequate representation of the universe of activities in the co-operative. The validity of the measures are also improved by our use of questions that focus on a considerable number of issues in the co-operatives instead of asking global questions.<sup>15</sup>

Having discussed the theoretical and methodological issues involved in the measurement of control, the next sections analyse the results of our findings on participation and control in the co-operatives. We shall be interested in the following issues:

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<sup>15</sup>A more detailed discussion on improvements of internal validity by using specific questions instead of global questions is given by P. Gundelach and H. Tetzcher, *Measurement of Influence in Organisations, Critic of the Control Graph Method*, *Acta Sociologica*, No. 19 vol. 1 p49-63, 1976.



- a. The total amount of control exerted by the decision making bodies in each of the decision issues and areas of joint decision making in the co-operatives,
- b. The patterns of control, that is, the distribution of control among the decision making bodies in the co-operatives,
- c. The patterns of control in the different types of co-operatives.

The investigation into the issues mentioned above implies that our analysis will be done at the organisational level. At the organisational level, scores of control exercised by the decision making bodies will be aggregated to reflect the distribution of control in each of the co-operatives.

### ***4.3 Participation and Control in the Co-operatives***

The above section outlined our methodology for the measure of control in the co-operatives. This section brings our findings on member participation and control in the co-operatives. That is, the total amount of control exercised by the decision making bodies over various decision issues of the co-operatives. In addition, we intend to establish the extent to which joint decision making in the co-operatives occurred.

#### **4.31 *The Distribution of Control across Decision Making Issues in the Co-operatives***

The total amount of control exercised by the decision making bodies over the various decision making issues in the co-operatives is presented Table 4.1. The decision making bodies are: the membership group (MG), the management committee (MC) and the external interest groups. (EX). The three decision making bodies were chosen because they were the only decision making bodies mandated by the co-operative regulations and bye-laws to take decisions on behalf of the co-operatives.<sup>16</sup>

The data in table 4.1 was computed from the influence-information matrix developed for each co-operative for the scoring of the ratings of influence. In the table are the total amount of control exercised by the different decision making bodies over the decision issues in the co-operatives. The total amount of control is the average score of a decision making group over the number of decisions made in the co-operative.

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<sup>16</sup> See Chapter Three

Table 4.1  
Distribution of Control Across Decision Issues in the Co-operatives

Decision Issues	Membership Group	Managemen t Committee	External Groups	Total
A. Social, Administrative and member problems				
1. Recruitment and dismissal of members	2.61	3.39	1.00	2.33
2. Rules and discipline	1.81	3.92	1.54	2.42
3. Provision of social services	1.83	3.89	1.50	2.41
4. Education	2.33	2.83	1.83	2.33
5. Member relations	1.36	3.73	1.27	2.12
6. System of participation	2.18	4.18	1.09	2.48
7. Incentive systems	2.11	4.11	2.00	2.74
8. Election of officers	4.70	1.22	1.35	2.42
B. Technical and production problems				
9. Improvement of work conditions, problems of industrial safety	1.75	4.25	1.50	2.50
10. Research and development	1.00	2.05	4.00	2.33
11. Changes in work organisation and administration	1.91	4.00	1.27	2.39
12. Maintenance of equipment	2.60	3.20	1.00	2.27
13. Quality control	2.18	3.00	2.45	2.54
14. Raw material supplies	2.00	2.31	1.08	1.79
15. Selection of technology	2.33	3.67	2.67	2.89
C Problems of economic and financial management				
16. Marketing of products	2.09	2.73	1.45	2.09
17. Investment and growth	2.31	4.31	1.54	2.72
18. Production planning	3.00	4.25	1.50	2.92
19. Financing and operating	1.96	3.62	1.54	2.37
20. Pricing policy	2.40	2.75	2.30	2.48
21. Budgeting and annual accounts	3.30	3.45	2.35	3.03
A. Social, Administrative and member problems	2.36	3.40	1.47	2.40
B. Problems of economic and financial management	1.77	3.36	2.00	2.53
C Problems of economic and financial management	2.51	3.52	1.78	2.60
Total	2.28	3.52	1.74	2.51



In the table, the influence scores are taken to mean the exercise of control. The management committees have more control over eighteen decision issues than the rest of the decision making bodies. The membership group exercise a greater amount of control only over the election of officers (8). The external interest groups has a great deal of control over only research and development (10),

The control of the external groups over research and development is due to their participation in this specialised activity. This was in the herbalists co-operatives where research on the production of medicine is supervised by an external research institute. Other decision issues where external interest groups had a little control was in budgeting, technology selection and quality control. The control of the external interest group over these areas comes from the officers of the department of co-operatives, This is through auditing and inspection of their books, and the sanctioning of large investment projects.

#### ***4.32 Joint Decision Making in the Co-operatives***

Participation in decision by implication involves joint decision making. The number of decision issues included in joint decision making in the co-operatives will have some implications for the authority of the co-operatives and the autonomy of the individual members. An adequate explanation of this is offered by Katz in his study of informal groups in complex organisation. He suggests that the number of decisions which organisation members delegate to the

management is related to the extent to which the organisation has control over their activities.<sup>17</sup> This presupposes that where fewer decisions are delegated to the co-operative management, individual members will have greater autonomy in the co-operatives. The number of issues involving joint decision in a co-operative, therefore, is an indication of the degree of authority granted to the management by the members.

Table 4.2 shows data on the number of decisions where joint decisions were taken in the co-operatives. The data was obtained by simply counting the number of decision issues involved in decision making within the co-operatives. The table indicates that the number of joint decision in the co-operatives ranged from 3 to 12 in the co-operatives. This is with the exception of the herbalists co-operatives where joint decision making involved 17 decision issues. The mean number of joint decision issues in the co-operatives was 8.4 with a standard deviation of 2.9.

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<sup>17</sup> Fred E. Katz, Explaining informal groups in complex organisations: The Case of autonomy in structure, Administrative Science Quarterly, Vol. 10, 1965





The social administrative decisions, with an average of 16.5 decisions per co-operative or 47.5% of the decisions taken, represented a major area for decision making in the co-operatives. Other predominant areas of activities were in recruitment and dismissal of members, election of members. Member education and incentive systems received the least attention.

Technical and production problems were the least form of activity in the co-operatives. They showed an average of 7.88 per co-operatives or 20% of the decisions taken. For instance, the research and development only came up once. This was actually part of the activities of the herbalists co-operatives. Much of the decisions taken in this domain rather focused on material supplies, quality control and sales. From the table, it can be observed that these decision issues gained the attention of mostly the worker co-operatives. This is not surprising since they were also the co-operatives in which members owned assets collectively and worked in the same workshop.

Decisions related to economic problems were the most frequent decisions taken by the co-operatives. They comprised an average of 16.6 per co-operative. Financing of operations, pricing policy and the preparation of annual budget received most attention. Moving from latitude of functions to pattern of integration among the co-operatives, one can see considerable semblance in the industry groups.

Similar co-operative industry groups tend to have the same number of joint decisions. The only sources of differences between the co-operatives were the intensity of decisions concerning the economic and production issues. In the economic decisions, pricing was the most predominant issue among them. Only the Gin Distillers co-operatives cared for the preparation of Annual Budgets. There is one possible explanation for this. These co-operatives belonged to a very strong Regional and National Association which insisted on obtaining proper records of the levies on sales. This is because these levies serve as the major source of income to the unions and national associations.

The findings above lead us to conclude that in general, the members in the service co-operatives keep decisions concerning production in their enterprises to themselves. This is in spite of the fact that some of the members worked together within the same workshops. This independence was also extended to economic issues, especially issues like investment and growth and production planning. The decisions we have observed here are mostly those dealing with administrative procedures in production and technical problems. Even joint decisions relating to economic issues involved procedural issues as annual budgeting and recording of accounts and collection of levies. Hence, it can be assumed that the most important decision in business administration such as policy formulation and strategic planning in the sphere of economic matters have not been delegated to the co-operative management. The reliability of these observations is provided by their close relations with forms of co-operation discussed in chapter two. In that chapter, we pointed out that there was very little co-operation in areas of production and ownership of assets. That observation

corresponds with our findings here on the number of joint decisions involving production and technical problems.

#### **4.33 *Distribution of Control in the Co-operatives***

So far, we have been concerned with the distribution of control across the decision making issues. In this section, our interest is in the distribution of control among the decision making bodies in the co-operatives. In order to investigate the distribution of control among the decision making bodies in the co-operatives, we shall first establish the total amount of control exercised by the decision making bodies in the co-operatives.

The amount of control exercised by a decision making body expresses the participatory potential of the members of the decision making body. To obtain the total amount of control for a decision making body in a co-operative, the total number of mean scores for each decision making body was summed up and divided by the number of decision bodies in the co-operative. The distribution of control among the decision making bodies is given in Table 4.3.



Table 4.3  
Distribution of Control in the Co-operatives

Co-operatives	Membership Group	Managemen t Committee	External Interest Groups	Total Amount of Control
1. Gin Distillers	1.67	3.58	2.75	2.66
2. Taxi Drivers	1.79	4.50	1.86	2.71
3. Rattan Weavers	4.42	3.75	1.00	3.05
4. Grain Milling	3.63	3.75	1.50	2.96
5. Block Makers	3.00	3.50	1.50	2.66
6. Gin Distillers	1.80	2.00	1.80	1.86
7. Herbalists	1.88	4.76	1.47	2.70
8. Salt Winners	1.31	3.69	3.23	2.74
9. Electrical Workers	4.22	1.00	2.22	2.48
10. Electrical Workers	3.55	3.73	1.55	2.94
11. Taxi Drivers	1.71	4.14	1.64	2.49
12. Taxi Drivers	1.67	3.92	1.58	2.39
13. Taxi Drivers	1.00	4.71	1.57	2.42
14. Gin Distillers	1.00	2.25	1.50	1.58
15. Gin Distillers	2.20	2.80	1.00	2.00
16. Textiles	3.67	3.67	1.00	2.87
17. Gin Distillers	3.83	1.00	2.00	2.77
18. Gin Distillers	3.30	2.10	1.00	2.13
19. Gin Distillers	2.00	1.50	1.00	1.50
20. Gin Distillers	1.80	1.20	1.40	1.46
21. Gin Distillers	2.25	1.50	1.50	1.75
22. Gin Distillers	1.55	3.27	1.37	2.03
23. Gin Distillers	4.70	1.00	2.00	2.56
24. Electrical workers	3.54	2.77	1.15	2.48
25. Block Makers	3.75	2.63	2.00	2.79
26. Grain Millers	2.00	4.00	1.00	2.33
27. Taxi Drivers	1.86	4.43	1.00	2.43
28. Taxi Drivers	2.33	4.00	1.00	2.44
29. Taxi Drivers	1.80	4.60	1.11	2.50
30. Taxi Drivers	1.67	4.33	1.00	2.33
31. Taxi Drivers	1.00	4.60	1.00	2.20
Total	2.45	3.18	1.51	2.39

- \*1 = No influence
- 2 = Little influence
- 3 = Quite a bit of influence
- 4 = A great deal of influence
- 5 = A very great deal of influence

The table shows the decision making bodies in the different types of co-operatives and the total amount of control exercised by each decision making body. The table shows that the average total amount of control exercised by the management committee is 3.16. This is followed by the membership group with a total amount of control of 2.38 and the external interest groups with 1.54.

There is, however, considerable variation in the total amount of control between the co-operatives. This variation is within the ranges of 1.47 to 2.96. The only co-operative which falls outside this range is the rattan weavers co-operative which has total amount of control of 3.06. Low levels of total amount of control may mean that the co-operative management has little command over the activities of the co-operatives. This means there is little structural integration. According to Lammers, this can affect the efficient allocation of resources in the co-operatives.<sup>18</sup>

#### ***4.34 Distribution of Control and Democracy in the Co-operatives***

The exercise of control in a co-operative is not only to institute self-management, but also to ensure democratic management in the co-operatives. In our discussions of participatory theories in chapter three, we pointed out that the concept of democracy is central to the relationship between participation and control in organisations. In co-operatives, a more practical meaning is given to the concept through the co-operative democratic principle of "one person, one vote" in decision making process. Our task here, therefore, is to investigate how

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<sup>18</sup>C.J. Lammers, Power and Participation in decision making in Formal organisations, American Journal of Sociology, 73: 201-217, 1967.

far the distribution of control in the co-operatives can be described as fair or democratic.

Participatory theory suggests that a more democratic or participative organisation is characterised by a fairer distribution of control and a greater amount of control.<sup>19</sup> In the literature of participative management, two theories have been used to explain the relationship between the distribution of control and democracy in organisations. These theories are the zero-sum theory and the non zero-sum theory.<sup>20</sup>

According to the zero-sum theory, the total amount of control is a fixed sum. When control in the top management increases, there is a consequent reduction in the amount of control exercised in the lower levels of the organisation.

The non zero-sum theory suggests that an increase in the total amount of control can occur independent of a change in the distribution of control. Gundelach and Tetzchner have indicated that an increase in the total amount of control can occur if there is no conflict of interests between the decision making bodies. They have also suggested that it is only in conflicting situations where an increase in the amount of control exercised by one decision making body will cause a decrease in the amount of control exercised by the other decision making body.<sup>21</sup>

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<sup>19</sup>A. S Tannenbaum, controversies about control, op. cit.

<sup>20</sup>K. Batolke et al. op cit..

<sup>21</sup>P. Gundelach and H. Tetzchner, op. cit.



The above mentioned theories, in a nut shell, suggest the following relations between the distribution of control and the amount of control in organisations. In an organisation with conflicting situations, one might find a reduction in its total amount of control when there is an increase in the amount of control exercised by one decision making body. On the other hand, in an organisation where there exists a harmonious relations between the different decision making bodies, an increase in the total amount of control exercised by one decision making body will lead to increases in the total amount of control in the organisations.

Table 4.4 shows the average amount of control for each co-operative, the amount of control exercised by the management committees (MC) and the membership group (MG). It also indicates the measure of inequality or differences in the distribution of control between the MC's and MG's. This is shown as MC-MG. A fairer distribution of control is where the mean differences is less than 1.00.

Table 4.4  
Distribution of Control and Democracy in the Co-operatives

Co-operatives	Membership Group (MG)	Management Committee (MC)	MC-MG	Total
1. Gin Distillers	1.67	3.58	1.19	2.66
2. Taxi Drivers	1.79	4.50	2.71	2.71
3. Rattan Weavers	4.42	3.75	0.67	3.05
4. Grain Milling	3.63	3.75	0.42	2.96
5. Block Makers	3.00	3.50	0.50	2.66
6. Gin Distillers	1.80	2.00	0.20	1.86
7. Herbalists	1.88	4.76	2.88	2.70
8. Salt Winners	1.31	3.69	2.38	2.74
9. Electrical Workers	4.22	1.00	-3.22	2.48
10. Electrical Workers	3.55	3.73	0.18	2.94
11. Taxi Drivers	1.71	4.14	2.43	2.49
12. Taxi Drivers	1.67	3.92	2.25	2.39
13. Taxi Drivers	1.00	4.71	3.71	2.42
14. Gin Distillers	1.00	2.25	1.25	1.58
15. Gin Distillers	2.20	2.80	0.60	2.00
16. Textiles	3.67	3.67	0.00	2.87
17. Gin Distillers	3.83	1.00	-2.83	2.77
18. Gin Distillers	3.30	2.10	-1.20	2.13
19. Gin Distillers	2.00	1.50	-0.50	1.50
20. Gin Distillers	1.80	1.20	-0.60	1.46
21. Gin Distillers	2.25	1.50	-0.75	1.75
22. Gin Distillers	1.55	3.27	1.72	2.03
23. Gin Distillers	4.70	1.00	-3.70	2.56
24. Electrical workers	3.54	2.77	-0.77	2.48
25. Block Makers	3.75	2.63	-1.12	2.79
26. Grain Millers	2.00	4.00	2.00	2.33
27. Taxi Drivers	1.86	4.43	2.57	2.43
28. Taxi Drivers	2.33	4.00	1.67	2.44
29. Taxi Drivers	1.80	4.60	2.80	2.50
30. Taxi Drivers	1.67	4.33	2.66	2.33
31. Taxi Drivers	1.00	4.60	3.60	2.20

An examination of the table shows that the following co-operatives noted below have a fairer distribution of influence between the two main decision making bodies. They are, therefore, described as Democratic Co-operatives.

Rattan Weavers	(3)
Grain Millers	(4)
Block Makers	(5)
Electrical Workers	(12)
Tie & Dye	(18)
Block Makers	(26)

The differences in the distribution of influence range from -0.91 to 0.50. In the tie and dye co-operatives, we have a complete equalisation of power between the management committee and the member assembly.

The data in table 4.4 upholds the assumption that a fairer distribution of control contributes to a greater amount of control in an organisation. The co-operatives indicated listed above recorded the highest amount of control, this ranged from 2.48 to 3.06.

The increases in the total amount of control are attributable to more control exercised by the management committee in these co-operatives: grain millers (4), block makers (5) and electrical workers (12). Increases in the amount of control attributable to the amount of control exercised by the membership group can be found in the rattan weaver (3) and the block makers (5). Increases in the total



amount of control exercised by the management committees mean there is more hierarchical differentiation in the co-operatives. On the other hand, increases in the amount of control exercised by the membership group leads to the equalisation of power in the co-operatives.

#### **4.4 *Patterns of Control in the Co-operatives***

The above section has shown how control is distributed among decision making bodies in the co-operatives. In this section, we shall identify co-operatives with similar distribution of control among their decision making bodies and place them in some meaningful categories. For example, co-operatives where the membership groups exercise the greatest amount of control will be placed in similar category.

From the data in Table 4.2, four different patterns of control can be identified among the co-operatives. These were described as; the Management Committee Controlled co-operatives, the Democratic co-operatives, the Membership Group Controlled co-operatives and the Inactive co-operatives.

The Management Committee Controlled co-operatives are those co-operatives in which the management committees exercise the greatest amount of control. They include the following fourteen co-operatives:

- Taxi Drivers (2)<sup>22</sup>
- Gin Distillers (1)
- Herbalists (7)
- Salt winners (8)
- Taxi Drivers (11)
- Taxi Drivers (12)
- Taxi Drivers (13)
- Gin Distillers (22)
- Taxi Drivers (26)
- Taxi Drivers (27)
- Taxi Driver (26)
- Taxi Driver (29)
- Taxi Driver (30)
- Taxi Driver (31)

The Democratic co-operatives represent co-operatives in which control has been fairly distributed among the decision making bodies. These co-operatives are;

- Rattan Weavers (3)
- Grain Millers (4)
- Block Makers (5)
- Electrical Workers (12)
- Tie & Dye (18)
- Block Makers (26)

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<sup>22</sup> The numbers represent the roll numbers of the co-operatives as given in the tables. See for instance, Table 4.4.

The Membership Group Controlled co-operatives are those co-operatives where the membership group exercise the greatest amount of influence. Such co-operatives are the following;

- Electrical Workers (10)
- Gin Distillers (19)
- Gin Distillers (20)
- Electrical Workers (25)
- Grain Millers (27)

Another group of co-operatives that can be identified in Table 4.2 are the Inactive Co-operatives. These co-operatives are described as inactive because of the very low scores of control shown by their decision making bodies.<sup>23</sup> These co-operatives are;

- Gin Distillers (6)
- Gin Distillers (14)
- Gin Distillers (15)
- Gin Distillers (19)
- Gin Distillers (20)
- Gin Distillers (23)

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<sup>23</sup>This term has been borrowed from Tannenbaum. In a similar way, he has used it to describe members with lower levels of participation in his study of Trade Unions. See A. S Tannenbaum and R. L. Kahn, Participation in Union Locals, Evaston, IU, 1958.



We have in this section endeavoured to identify the different patterns of control in the co-operatives. The rationale for this was to enable us compare the participatory schemes in the co-operatives in terms of the patterns of control exhibited by the co-operative. This is to help us determine the extent to which participatory schemes in the co-operatives influence member participation and control in the co-operatives.

It can be observed that almost all the Inactive Co-operatives come from the same industry group of co-operatives. Does this mean that the pattern of control in a co-operative is determined by its industry group or the type of co-operative? In the next section we shall attempt to provide answers to this question.

**4.41    *The Patterns of Control and the Co-operative Industry Groups***

Table 4.5 shows the distribution of the different patterns of control in the co-operatives across the co-operative industry groups. In the table, we have shown the number of co-operative industry groups which falls within each of the four different patterns of control.

The distribution of control across the co-operative industry groups shows the management controlled co-operatives as the most predominant pattern of control among the co-operatives. This involves mostly all the taxi drivers, the salt winners, the herbalists co-operatives and only two of the gin distillers.

In a similar manner the distribution of the membership group and the democratic Co-operatives cuts across almost all the industry groups. Incidentally, the six Inactive Co-operatives happen to be all Gin Distiller Co-operatives.

Table 4.5

The Patterns of Control and the Co-operative Industry Groups

Industry Group	Patterns of		Control	
	Management Controlled Co-ops	Membership Group Controlled Co-ops	Democratic Co-ops	Inactive Co-ops
1. Gin Distillers	2	2		6
2. Taxi Drivers	10			
3. Rattan Weavers			1	
4. Block Makers			2	
5. Herbalists	1			
6. Electrical Workers		2	1	
7. Tie and Dye			1	
8. Grain Millers		1	1	
9. Salt Winners	1			
Total	14	5	6	6

Although all the taxi driver co-operatives fall under the management controlled Co-operatives, one cannot easily conclude that co-operative industry groups is a predictor of the pattern of control of a co-operative. This is because the distribution of the democratic co-operatives is spread over the different co-operatives industry groups.

**4.42      *Patterns of Control in the Worker and Service Co-operatives***

The patterns of control in the two different types of co-operatives, the worker and service co-operatives is indicated in Table 4.6.

Table 4.6

Patterns of Control and Types of Co-operatives			
	Worker Co-operatives		Service Co-operatives
Patterns of Control	Co-operatives For Hire of Members Labour	Co-operatives with Collective Workshop	Co-operatives aiding independent Craftsmen
Management Committee Controlled Co-operatives		1	13
Membership Group Controlled Co-operatives	2		3
Democratic Co-operatives			5
Inactive Co-operatives			6
Total	3	1	27

Although, the service co-operatives, that is the co-operatives aiding independent member enterprises, constitute the majority of our sample, there was no indication that it determined the concentration of power in a decision making bodies. Of the twenty-seven co-operatives in that group, thirteen were characterised as management committee controlled co-operatives, five as democratic co-operatives, six inactive and three as membership group controlled



co-operatives. Among the worker co-operatives, two of the co-operatives are membership controlled, one is democratic and another co-operative is management committee controlled.

We have seen in this section and those above the various ways in which control is distributed in the co-operatives and how the different types of co-operatives are related to the distribution of control. In the section below, we present our observations on decision-making processes in the co-operatives. This is to provide us with a more descriptive background of the informal and formal forms of control in the co-operatives.

#### **4.5 *Observation of Decision Making Processes in the Co-operatives***

Our discussions of self-management and control in the co-operatives have up till now been based on the ratings of influence. This has come from our understanding of control as an outcome of the involvement of organisation members in decision making within the organisation.

In this section, our objective is to provide an understanding of the forms of behaviour underlying participatory processes in the co-operatives. This is done by the observaton of decision making processes during annual general meetings in the co-operatives. Our observations are restricted to only three annual general meetings of three gin distillers co-operatives, numbered (1) (19) (24) in table 4.2. Annual general meetings are the meetings of the general body of members and

presents the major opportunity for members to elect officers and approve the annual budget of the society.

The annual general meetings recorded here may be entirely unrepresentative of the number of annual general meetings that take place in other co-operatives. However, it was observed that a common agenda were used by the officers of the Department of Co-operatives in the Greater Accra Region for conducting all the annual general meetings in that region. Furthermore, these meetings are always officiated by the officers of the Department of Co-operatives responsible for the various districts in the Greater Accra Region.

As a means of investigating the members behaviour and the social processes at the meetings, we identified the series of events in the co-operatives up to the annual general meeting. The Co-operative Decree stipulates that at least one general meeting must be held within a period of one year. In practice, annual general meetings take place after the co-operative has been able to prepare its annual accounts. Hence, the annual general meeting presented the opportunity to observe the direct involvement of members in the decision making of the most important issues affecting their society. It also presented an opportunity to observe a number of processes involving the application of the co-operative principles and ideas.

Before the annual general meeting, the management committees conduct day to day administration of the co-operatives. The records of the society's business operations are kept by the secretary under the supervision of the management

committee. The Registrar of Co-operatives exercises considerable authority over the co-operatives at this stage. This occurs through periodic inspection and audit of their accounts. The results of this inspection and audit are normally given to management committees. At the end of the financial year, each co-operative society is required by law to prepare final accounts and a balance sheet. The management committees and the officers of the Department of Co-operatives decide on the distribution of any surplus accruing from the economic results. The balance sheet is then sent to the Registrar of Co-operative Societies for approval before the annual general meeting is held. Table 4.7 shows the agenda for the annual general meeting.



Table 4.7

Agenda for Annual General Meeting of the Co-operatives

No	Event	Average Time Allotted
1.	Opening Prayer	10 mins
2.	Introduction of Invited Guests	28 mins
3.	Introduction of the Chairman of the occasion	5 mins
4.	Address by the Chairman	33 mins
5.	Reading of previous minutes by the Secretary	14 mins
6.	Reading of the Balance Sheet	18 mins
7.	Address by the Regional Co-operative officer	30 mins
8.	Address by the Central Union Secretary	29 mins
9.	Address by the General Secretary	28 mins
10.	Election of Officers	14 mins
11.	Address by the newly-elected president	18 mins
12.	Chairman's closing remarks	25 mins
13.	Vote of thanks	8 mins
14.	Closing Prayer	12 mins
	Total time	32 mins

The agenda in table 4.7 indicates the main events or episodes of the meeting. Most of the speakers indicated in the table were mostly personnel from the secondary societies, the co-operative national apex bodies. They include the chairman for the occasion, the central union secretary, the general secretary (of the national Distillers Association of Ghana). The officers the Department of Co-operatives conducted the meetings in order to ensure that the co-operative rules were carried out to the letter.

An examination of the processes and events at the various episodes brings out how much influence was exercised by the members at each stage. For instance, little importance was given to event 6 where members could have assumed authority through the discussions of the budgetary proposals. At the discretion of the government officer supervising the conduct of the meeting, very little time was allotted to this stage. An average of 18 minutes was given to this event. It was observed that some members had either forgotten what had been read or did not understand the importance of the annual report presented to the society. Hence, the report of the annual accounts was summarily accepted by a majority vote without any debate on it. Although there were reports of malpractice in some of the societies, these failed to come to the notice of the members. Prior information to members on the balance sheet would have been useful education of members on the actual importance of the balance sheet.

In event 10, the election of members was also an important episode whereby members could have exercised their influence. However, it was carried out with similar speed and treated with little significance to the society.

The government officer again led the occasion by prompting the members to reinstate the old management committee. The members of the societies were given very little time to evaluate their performance and vote for or against them. As can be observed in the agenda, greater time was rather given to the speeches and exhortations of the guests and officers at the meeting.

To record our observations of behaviour at the annual general meetings, we adopted Dill's procedures for the recording of meetings in his study of environmental influence on managerial autonomy.<sup>24</sup> To code the interactions at the meeting, we divided proceedings at the meetings into episodes. The main episodes were indicated by changes of speakers or shifts in topics according to the agenda given in table 4.6. For each episode, we recorded the speaker, apparent addressee and function of the episode.

Following Dill, six functions were distinguished.<sup>25</sup> These were:

1. Talking Socially
2. Giving information
3. Questioning
4. Offering suggestions, proposals and opinions

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<sup>24</sup>W. R. Dill, Environment as an Influence on Managerial Autonomy, *Administrative Science Quarterly*, p403-443, 1958. See also P. S. Goodman and E. J. Colon, Observation of Meeting, in S. E. Seashore et al (eds.) op. cit.

<sup>25</sup> W. R. Dill op. cit.



5. Stating decisions or rules of policy
6. Giving orders, requesting action

Each of the six functions indicate the type of behaviour shown by the people present at the meeting. The functions were classified as follows: Functions 1 and 2 indicate "low influence" and 4 and 5 show "high influence".

Appendix 7a shows details of the coding of behaviour at one of the co-operative meetings. It shows a break down of the meeting into twenty-one episodes. The speakers, address and the functions are recorded against each episode respectively. Appendix 7b to 7d also show the role of the decision making bodies at each of the 3 meetings. An aggregate of the roles of the decision-making bodies in the three co-operatives is presented in Table 4.8.

Table 4.8

The Role of Decision Making Bodies at the Co-operative Annual General Meetings

Co-operative No	Membership Group				Management Committee				External Intere Group	
	(19)	(1)	(24)	Average	(19)	(1)	(24)	Average	(19)	(1)
Percentage of interactions	42.1	45	52.3	46.5	10.4	10	9.4	9.9	47.2	5
No. of Episodes in the Co-operatives										
= 19										
= 1										
= 24										
0 = Talking Socially					5.2	5	4.7	4	15.8	15
1 = Give Information									5.2	5
2 = Questioning	15.8	20	28.5	21.4						
3 = Offering Suggestions or proposals	10.5	10	9.5	10	5.2	5	4.7	4.9	5.2	5
4 = Stating Decisions or Rules of Policy	15.8	15	14.3	15.0					5.2	10
5 = Give Order or request action									15.8	10

Table 4.8 shows the roles played by the decision making bodies and the guests at the general meetings. The figures in the table represent percentages of the time given to the decision making bodies in the three co-operatives. The percentages of the time spent are distributed over the six functions describing the types of behaviour at the meetings. The percentages are derived from the total number of episodes recorded for each co-operative.

Stating decisions by the membership group refer to three episodes at the meetings. They were, voting on the acceptance of previous minutes, election of new officers and voting on the acceptance of the annual budget. These are activities which involve the constitutional rights of members. Hence, they do not lead to any differences between the co-operatives.

Raising of questions and stating decisions or rules of policy were the predominant activities of the membership groups at the annual general meetings. The raising of questions are members' responses to the reading of the annual budget by the officer of the Department of Co-operatives. The differences we see in the three co-operatives indicate the number of times members raised question in each co-operative. Hence, in co-operatives (24) the 28.5 percent means a larger number of members questioned some items in the annual budget.

The management committees also had little impact on the proceedings at the meetings. The percentage of interactions was only 9.4 per cent. This indicates



that the management committees were less active than the individual members. One reason was that the agenda for the meeting assigned only one opportunity for the members of the management committee to speak at the meetings. This opportunity was given to the presidents-elect of the co-operative to give their inaugural address.

The proportion of time spent by interest groups is almost the same as that spent by the membership group. A considerable amount of time, 43 per cent of the total time, was taken by them. Most of the contribution they made was in the form of speeches, exhorting members to work hard and explaining the punishment awaiting for disloyal members.

The overall impression table 4.8 gives is the dominance of the external interest groups and of the membership groups at the meeting. This may not necessarily corroborate with our findings in sections 3.3 of this study. We must point out here that annual general meetings traditionally generate festive moments and guests are invited to speak to the member assembly. Two significant events, the election of new officers and members' approval of the annual budget, take place at annual general meetings. These events provide the only opportunities for the membership groups to exert their influence there.

Certainly, there was considerable influence from the external interest groups, through the officers of the Department of Co-operatives. This is quite supported by our data in Table 4.7 in which external influence on Finance and Investment and Budgeting is considerable.

## Summary

The objective of this chapter was to investigate the degree of member participation and control in the co-operatives under study in this research. We were particularly concerned with the distribution of control between the decision-making bodies, that is the pattern of control in each of the co-operatives. Furthermore, we discussed the behavioural and social processes underlying decision making at three annual general meetings.

The findings of our study showed that the management committees of the co-operatives had an overall dominance over the decision making issues. The influence of the membership group was conspicuous only in the election of officers of the co-operatives. The External Interest Groups showed considerable influence in only Research and Development and the Approval of Annual budget.

Four different patterns of control were identified in the co-operatives. These were the management committee controlled, the democratic, the membership group controlled and the inactive co-operatives. The management group controlled co-operatives were those in which the management committee had exercised most amount of control. These consisted of 14 co-operatives. The co-operatives in which the membership group exercised the most controlled were also classified as the membership group.

The co-operatives which showed the least differences between the amount of control exercised by the decision making bodies were also classified as democratic co-operatives. The inactive co-operatives were those in which the decision bodies had little amount of control over the affairs of the co-operatives. Six co-operatives were therefore classified as inactive.

A major conclusion reached after these findings was that the differences in the patterns of control in the co-operatives can neither be said to be related to their industry group or type of co-operative, that is service or worker co-operatives.

In the study of the social processes at the three annual general meetings, we found that the government officers of the Department of Co-operatives controlled the proceeding at the meetings. There was also not enough information on the activities of the co-operative to allow members to follow events and take effective decisions.

Even though the co-operatives can be seen to be adhering to the regulations guiding their activities, casting votes to elect officers or to accept the annual reports of the societies operations, members are in reality unable to exercise authority in the final decision over the annual budget of the society. They have become what Heller has described as "endorser" of other peoples recommendations.<sup>26</sup>

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<sup>26</sup>Aspects of our observations have been categorised by Meacher into rules employed by the status quo to retain power in organisations. They include; a) Rules of the games ploy: this involves strict enforcement of the organisation routines as codified in organisation hand books and practices. This can hedge an individual's right to decision making or water it down through a form of representation of any possible interest. b) Fait accompli ploy, where one is restricted to a range of policy options determined by the management or the parameters of the decision are already fixed by them. c) Expert advice ploy, here specialists areas as accounting and investment lead members to depend on experts for advise and information because they lack the skills to decide and formulate options, and d)



In spite of the clarity of our findings, we have to remind ourselves of certain limitations expressed on our methodology for the measurement of control. We pointed out that the choice of management committees as key respondents to report on their perception of control as well as the reliance on researcher evaluation of control might bring some biases in our results. However, the general pattern of the findings and their comparability to other studies lead us to believe that our measures provide an accurate picture of control in the co-operatives.

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Timing of the papers ploy, this involves impeded access to information, because of the selection and the scheduling of items of information and topics for decision making. See S. Clegg, *Organisation Democracy, Power and Participation*, in: T. Crouch and F. Heeler (eds.) *Organisation Democracy and Political Process*, New York, 1983. See also Robertson's report on local council meetings in Ghana. A. F. Robertson, *The Composition and Procedure in Ahafo Councils*, in J. Goody (ed.), *Changing Social Structure in Ghana*. London 1975.

## **Chapter 5**

### **PARTICIPATORY SCHEMES IN THE CO-OPERATIVES**

In the previous chapter, we identified four different patterns of control in the co-operatives. These patterns of control indicated the different ways in which control is distributed among decision making bodies in the co-operatives. In this chapter, we shall investigate the extent to which the four patterns of control are associated with the different participatory schemes in the co-operatives.

The purpose of this investigation comes from the major argument of this study that the degree of member participation and control is determined by the scheme of participation in the co-operatives. Hence, it is expected that differences in the properties of the participatory schemes in the co-operatives will account for the differences in the degree of member participation and control between the co-operatives.

To study the impact of participatory schemes on participation and control in the co-operatives, we suggest the need to go beyond the classical model of co-operatives and search for possible variations in the participatory schemes of co-operatives. The classical model of co-operatives only provided a unitary model of co-operatives without suggesting the possibility of variations of structural variables in the co-operatives.

The objectives of this chapter are, therefore, twofold. Firstly, the chapter will establish the properties of the participatory schemes in the co-operatives. This

should provide an empirical description of the participatory schemes of the co-operatives in Ghana. A second objective will be to investigate the extent to which the participatory schemes in the co-operatives determine the patterns of control in the co-operatives. Here, the concern of the study is to establish how differences between the participatory schemes in the co-operatives relate to the different patterns of control in the co-operatives.

Three approaches are adopted for the tasks set out above. Firstly, both the accountability structure and administrative components of the co-operatives will be examined to provide an empirical description of the participatory schemes in the co-operatives. Secondly, the study will examine the pre-occupation of the co-operatives with regulations and rules to organise their activities. Thirdly, we shall establish the impact of the schemes of participation on the distribution of control in the co-operatives.

### **5.1 *The Accountability Structure in the Co-operatives***

The accountability structure in co-operatives was defined as the hierarchical structure of the co-operative organisations. It, therefore, represents the structural manifestation of the participatory schemes in co-operatives. Hence, it provides the basis for the comparative study of co-operatives.

In this section, we shall first identify the major structural variables in the accountability structure that can be used to describe the participatory schemes in



the co-operatives. Secondly, we shall use the structural variables to give an empirical description of the participatory schemes in the co-operatives.

### **5.11 *Structural Variables in the Accountability Structure***

The accountability structure suggests two forms of participation in decision making: direct participation and indirect participation through elected representatives. Out of the two forms of participation have evolved two corresponding management structures in co-operatives. Cornforth has described them as "collective" and "representative democracies"..<sup>1</sup>

According to Cornforth, the only structure in the collective model is "the general meeting of all members".<sup>2</sup> The general meeting of all members is also the only legitimate authority in the co-operatives. The representative democracy management structure has also been described as "dual structure" co-operatives.<sup>3</sup> This is because it consists of both the general body of members and a managerial component, the management committee. The representative democracy management structure contains an explicit formal structure in which tasks are assigned to members and their main areas of responsibility delineated.

Cornforth has pointed out that this is an attempt to shape the process of power and influence in co-operatives.

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<sup>1</sup>In fact, Cornforth uses both terms to describe only the worker co-operatives. However, we consider both terms as applicable to also the service co-operative, since they describe the basic organisational structure observed in all co-operatives. See C. Cornforth et al., *Developing Successful Worker Co-operatives*, Sage Publications, London, 1988.

<sup>2</sup>Ibid.

<sup>3</sup> Ibid.

The development from direct participation to representative democracy is associated with a number of problems. It may bring about division of labour and role specialisation in co-operatives. This in turn may lead to greater functional and hierarchical differentiation in the co-operatives. Hierarchical and functional differentiations both produce structures which may have negative effect in democratic control in co-operatives.<sup>4</sup>

The identification of the properties of the accountability structure above provides us with the major structural variables for the description of the participatory schemes in the co-operatives. In this regard, empirical information was obtained on the following structural variables:

- a. Form of representation; this was described as direct or indirect participation. Direct participation is the personal and immediate involvement of members of the co-operatives in decision making. Indirect form of participation represents a mediated involvement of members through elected representatives. The objective of this measure is to determine the nature of the access to decision making in the co-operatives.
- b. Number of elected officers: a count of elected members in the management committee.
- c. Role specialisation and division of labour: the distribution of official duties among a number of positions. A function is considered specialised when it is performed by one of more

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<sup>4</sup>F. Furstenberg, Probleme der Mitglieder Partizipation auf verschiedene genossenschaftlichen Entwicklungsstufen, in: E. Dulfer & W. Hamm, (eds.) Die Genossenschaften zwischen Mitgliederpartizipation, Verbundbildung und Burokratietendenz, Gottingen, 1983

persons as full time.<sup>5</sup> Hence, the measure involves a count of the number of roles in the management committee and the number of sub committees set up to deal with special issues.

- d. The frequency of meetings by the membership group and the management committees. The frequency of number of meetings was scored as follows:

Not once	0
Annually	1
About every 6 months	2
About once a month	3
About every 2 weeks	4
Once a week	5

Information on these variables was obtained from interviews with the management committees of the co-operatives. Further discussions were held with the local officers of the Department of Co-operatives and the secretaries of the co-operatives to ascertain their accuracy. In addition to the interviews and discussions with the above mentioned respondents, we obtained more information from the records of the co-operatives. For example, information on the frequency of meetings was obtained from the minutes book of the co-operatives. Appendix 8 provides data on the variables.

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<sup>5</sup>See D.S. Pugh et al, Dimensions of op. cit.



### **5.12 Forms of Representation and Managerial Roles in the Co-operatives**

Appendix 8 provides information on the structural characteristics of the participatory schemes in the co-operatives. Only two co-operatives, the electrical workers (10,25), subscribed to Cornforth's ideal type "collective" co-operatives.<sup>6</sup> The rest of the co-operatives exhibited the indirect form of participation. They can, therefore, be described as "dual structure" co-operatives or representative democracies.<sup>7</sup>

The only specialised role in the two electrical co-operatives was that of the President of the society. He leads in the negotiations for contracts, and assign tasks to other members. He also acts as the society's secretary by making recording in their books. Since members of the two co-operatives had similar skills in radio and electrical engineering, several tasks were rotated amongst them.

In the "dual structure" co-operatives, the size of the management committees ranged from 7 to 11. The number of members seemed to be related to co-operative industry groups. The Taxi Drivers and the Salt Winners co-operatives had the largest number of elected officers, eleven each, in their management committees.

In most of the co-operative, the major roles in the management committee were the tripartite roles of President, Vice President and Treasurer. These were the

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<sup>6</sup>C. Cornforth et al, op. cit.

<sup>7</sup>Ibid.

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<sup>6</sup>C. Cornforth et al, op. cit.

<sup>7</sup>Ibid.

basic role prescribed in the co-operative model bye-laws. The Taxi Driver co-operatives had more specialised roles. They had created specialist positions which included the President, Treasurer, Vice Treasurer, Chief Driver and Welfare Officer. In addition, they had established two permanent sub-committees, the Disciplinary and Transport committees.

Out of these roles, the positions of Chief Driver and Welfare Officer were the most innovative. Traditionally, a chief driver was an esteemed position offered to a person who has acquired considerable experience and respect as a driver. In the days when trade unions were not prevalent in Ghana, this person became the unofficial leader of the drivers. The Chief Driver, as in the former days, gives his expert opinion on technical issues, resolves disputes among drivers and gives them guidance. The function of the Welfare Officer is to take charge of matters affecting the welfare of members; for instance, attendance at funerals of deceased members and their relatives and the giving of donations to bereaved families on behalf of the society.

The disciplinary committee was established to ensure order in the co-operatives. Drivers were expected to conform to some rules which included, proper treatment of passengers, no drunkenness whilst driving and proper dressing. The aim of this code of practice was to enhance the image of the Drivers co-operatives and distinguish them from their rivals from the Trade Union.



The Transport Committee handled technical problems relating to drivers' operations. This included the provision of legal aid for drivers involved in traffic offences, and maintenance of order at the taxi ranks.

In Table 5.1, we have provided a compilation of the forms of representation and managerial roles in the co-operatives.

Table 5.1

Managerial Roles and Representative Bodies in the Co-operatives

Co-operatives	Managerial Roles and Types of Representatives	
1. Gin Distillers	MC:* President / Vice President / Treasurer	SC:* None
2. Taxi Drivers	MC: President / Vice President / Treasurer / Welfare Officer / Chief Driver	SC: Transport Committee / Disciplinary Committee / Welfare Committee
3. Rattan Weavers:	MC: President, Vice President, Treasurer	SC: None
4. Grain Millers	MC: President, Vice President, Treasurer	SC: None
5. Block Makers	MC: President, Vice President, Treasurer	SC: None
6. Gin Distillers	MC: President / Vice President / Treasurer	SC: None
7. Herbalists	MC: President / Vice President / Treasurer	SC: None
8. Salt Winners	MC: President / Vice President / Treasurer	SC: None
9. Electrical Workers	MC: Only President	SC: None
10. Electrical Workers	MC: President, Vice President, Treasurer	SC: None
11. Taxi Drivers	MC: President / Vice President / Treasurer / Welfare Officer / Chief Driver	SC: Transport Committee / Disciplinary Committee / Welfare Committee
12. Taxi Drivers	MC: President / Vice President / Treasurer / Welfare Officer / Chief Driver	SC: Transport Committee / Disciplinary Committee / Welfare Committee
13. Taxi Drivers	MC: President, Vice President, Treasurer / Welfare Officer / Chief Driver	SC: Transport Committee / Disciplinary Committee / Welfare Committee
14. Gin Distillers	MC: President / Vice President / Treasurer	SC: None
15. Gin Distillers	MC: President / Vice President	SC: None
16. Tie and Dye	MC: President / Treasurer	SC: None
17. Gin Distillers	MC: President / Treasurer	SC: None
18. Gin Distillers	MC: President / Vice President / Treasurer	SC: None
19. Gin Distillers	MC: President / Vice	SC: None

	President/Treasurer	
20. Gin Distillers	MC: President / Treasurer	SC: None
21. Gin Distillers	MC: President / Treasurer	SC: None
22. Gin Distillers	MC: President / Vice	SC: None
	President/Treasurer	
23. Gin Distillers	MC: President / Vice	SC: None
	President/Treasurer	
24. Electrical Workers	MC: Only President	SC: None
25. Block Makers	MC: President/Vice	SC: None
	President/Treasurer	
26. Taxi Drivers	MC. President / Vice President / Treasurer / Welfare Officer /	SC. Transport Committee / Disciplinary Committee / Welfare Committee
27. Taxi Drivers	MC. President / Vice President / Treasurer / Welfare Officer /	SC. Transport Committee / Disciplinary Committee / Welfare Committee
28. Taxi Drivers	MC. President / Vice President / Treasurer / Welfare Officer /	SC. Transport Committee / Disciplinary Committee / Welfare Committee
29. Taxi Drivers	MC. President / Vice President / Treasurer / Welfare Officer /	SC. Transport Committee / Disciplinary Committee / Welfare Committee
30. Taxi Drivers	MC. President / Vice President / Treasurer / Welfare Officer /	SC. Transport Committee / Disciplinary Committee / Welfare Committee
31. Grain Millers	MC. President / Vice President /	Committee

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\*MC: Management Committee

\*SC: Sub-Committee

### 5.13 Meetings in the Co-operatives

Meetings are the most important means for co-operative members to participate directly in decision making. They are also media for information exchange and consultations.<sup>8</sup> Appendix 8 contains information collected on two types of meetings. They are meetings by the membership group and by the management committees.

The co-operatives which held meetings most frequently were the electrical workers, rattan weavers and the grain millers. These co-operatives held their meetings fortnightly. This group is followed by the herbalists, taxi drivers and

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<sup>8</sup>A. S. Tannenbaum et. al, Participation in Union Locals, op. cit.



some of the gin distillers with monthly meetings. In the electrical workers co-operatives members also reported that there were no formal meetings. Issues arising out of their operations were casually discussed and eventual decisions taken. Such discussions took place at least once every week.

The other most interesting patterns of meetings were found in the rattan weavers, grain millers, and the salt winners co-operatives. Meetings at the rattan weavers and at the grain miller were almost of a similar pattern. The usual pattern was that the management committees met on Fridays every fortnight. Decisions taken at such meetings were not final; on the following day, the committees would meet the general body of members to obtain their approval for these decisions.

At the salt winners, there were further meetings by the management committees of the primary co-operatives, but these were held together with the general body of members to inform them of the decisions taken together with the local union.

In the rest of the co-operatives, meetings took a common pattern in the form of regular monthly meetings. A few of the Gin Distillers co-operatives, however, rarely held committee meetings. Their management committees usually met well over six months' intervals.

There was not much distinction in the two types of co-operatives, the workers and the service co-operatives. Two worker co-operatives, Electrical Workers,



maintained a direct form of participation, while the rest of the worker co-operatives adopted a representative form of management as the service co-operatives.

The “dual structure” co-operatives, co-operatives with representative management structures, tend to develop administrative components. This feature of co-operatives is investigated in the next section.

## **5.2    *The Administrative Component in the Co-operatives***

The administrative component is the hierarchical structure of full-time officials for the implementation of the policies of the co-operatives. They are appointed by the management committee and governed by the rules of the bye-laws.

The model bye-laws recognise the secretary of the society as the head of the administrative component. His duties are:

- a.     To keep accounts of the society
- b.     To summon and attend meetings as directed by the committee
- c.     To prepare financial statements
- d.     To record proceedings of the meetings

The administrative component is considered as an outcome of the representative management system in self-managed organisations. Macdonald and Warner have called it a hybrid of an organisation, because it has both the legal rational

elements of a bureaucratic organisation and a democratic structure.<sup>9</sup> They have pointed out that in such an organisation, the management committee's authority is exercised downward through the administrative component. At the same time the general body of members continues to express their will upwards through their representatives.

To study such characteristic features of the administrative component in the co-operatives, we considered the following structural variables:

- a. The size of the administrative component: this is a count of number of people working in it.
- b. Number of hired labour; a count of the administrative staff who are non members.
- c. Percentage of hired labour in the administration.

Information on the size of administrative component and the number of hired labour was obtained from the President and Secretary of the society. The accuracy of the information was ascertained from the records of each co-operatives.

Appendix 8 contains information on the scores of the three variables. The Appendix indicates that the majority of the co-operatives employed only one person to administer their affairs. This was the co-operative secretary, whose employment was a basic requirement for the establishment of a co-operative. It

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<sup>9</sup>Lex MacDonald and W. Malcolm, Bureaucratic and Democratic Structures in Occupational Associations, in D. S. Pugh and C. R. Hinnings (eds.), Organisational Structure Extensions and Replications, Saxone House, Hampshire, 1978.

was only the Herbalists and Gin Distillers co-operatives who employed more than one officer in their administrative component.

In the gin distillers co-operatives, it was observed that increasing administrative procedures had necessitated increases in the size of their administrative component. The gin distillers, as we noted earlier, had as one of their main functions the collection of levies and taxes on the sale of members' products. This has necessitated the employment of "checkers" to track down members who defaulted in their payments of levies. The four administrative staff of the Herbalists co-operatives included a secretary and three nurses.

The number of hired labour in the administrative component ranges from 1 to 4 persons in the co-operative. (See Appendix 8). The proportion of hired labour to the size of the Administrative component ranges from zero to 100 percent. The table shows only the Gin Distillers and Herbalists with a sizeable percentage of hired labour. In general, one can conclude that the administrative component does not play significant role in the co-operatives.

### **5.3 *Decision Rules in the Co-operatives***

In chapter three, it was pointed out that the major source of regulations for participation in decision making in co-operatives in Ghana are the co-operative bye-laws. It was further observed that the co-operative bye-laws do not cover the whole universe of activities in the co-operatives. The bye-laws provided the rule



for decision making mostly for the institutional and administrative decision issues in the co-operatives.

In addition to the bye-laws, it is possible that the co-operatives as socio-economic organisations, will develop other decision rules to regulate their activities. Our task in this section, therefore, is to examine the pre-occupation of the co-operatives with any formal decision rules for the regulation of their activities. In particular, we are interested in the extent to which activities in the co-operatives are formalized. According to Pugh, formalization is the "extent to which rules, procedures and instructions, and communications are written."<sup>10</sup> The extent of formalization of activities should be considered in terms of the context in which the co-operatives operate in Ghana. Studies on small-scale industries in Ghana suggest that their mode of operations is based on customary practices. The application of written down rules in the co-operatives should, therefore, influence the development of formal decision making structures, the practices and ideals of co-operation.

### **5.31 Sources of Decision Rules in the Co-operatives**

A major source of rules for the regulation of co-operatives' activities have come from the catalogue of co-operative principle sanctioned by the International co-operative Alliance (ICA).<sup>11</sup> These are:

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<sup>10</sup> D. S. Pugh et al, Dimensions of..., op. cit. IDE researchers also use similar definition but limit themselves to the extent to which rules "describe a certain involvement of groups in organisation decision including." See IDE, op. cit.

<sup>11</sup>International Co-operative Alliance (ICA), Report of the ICA Commission on Co-operative Principles, London, 1967

1. Open and Voluntary membership
2. One man, one vote in the co-operative decision making process.
3. Fixed and limited interest on share holdings
4. Equitable distribution of the economic results of the co-operative among members
5. Education of members
6. Co-operation among co-operators

These principles have come out of the ideological and philosophical ideals of co-operatives as well as from the practical experiences of co-operatives since their inception.<sup>12</sup> According to the ICA, these principles seek to guarantee equal access to members to participate in decision making within co-operatives.

In Ghana co-operative principles have been incorporated into Decree 252 of 1968, to provide the regulations and procedures for registering and establishing co-operatives as socio-economic organisation in the country. The regulations provide specific details on certain powers granted to the co-operatives to formulate their own rules and draw up their own bye-laws.

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<sup>12</sup>The principles are actually derived from the original catalogue of principles developed by the Rochdale Pioneers. The original principles included; 1. Open and voluntary membership, 2. Democratic Control, 3. Fixed and limited interest in capital, 4. Dividend on purchase, 5. Building of reserve funds, 6. Guaranty of quality products and auxiliary, 7. Non credit trading, 8. Education of members and 9. Political and religious neutrality. See E. Dulfer, Betriebswirtschaftslehre der ...op. cit.

In order to determine what rules and regulations exist in the co-operatives, we followed Dachler and Wilpert and categorisation of regulations and rules in organisations as follows: <sup>13</sup>

1. Legal bases, such as Clauses in a country's constitution regulating the activities of economic organisation. For instance, industrial worker co-operatives can be subjected to existing industrial laws in the country of origin.
2. Special contractual arrangements between members regarding e.g. resource contribution and role behaviour.
3. Policies of the co-operative management concerning the organisation of work and administration in the co-operative.

Information on the above category of decision rules was obtained from written documents such as the co-operative bye-laws. The 21 decision making issues (see table 4.1) were used to determine the extent to which decision rules were used in decision making in the co-operatives. A score of one was given to a decision issue when a document specified some regulation on that issue.

### **5.32 *Preoccupation of the Co-operatives with Decision Rules***

Table 5.2 indicates the sources of decision rules used in the co-operatives. In the table are the three different sources of decision rules in the co-operatives,

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<sup>13</sup>H. P Dachler and B. Wilpert, op. cit.



namely: the Co-operative bye-laws, business policy and national law. We have also given the number and percentage of co-operatives that use a particular decision rule. Appendix 9 provides general information on the decision making issues with decision rules.

The co-operatives bye-laws provided the major source of decision rules in all the co-operatives. This involves decisions dealing with social and administrative issues. Because the co-operatives subscribe to similar bye-laws, the number of rules used in the co-operatives do not differ very much from one another. There are quite a few exceptions to these observations. The worker co-operatives, electrical workers co-operatives and the herbalists, use a greater number of rules for decision making. The reason comes from their types of economic activities. These are worker co-operatives where members work together in a production work shop.

Table 5.2

## Sources of Decision Making Rules in the Co-operatives

Decision issues	No. of Co-operatives	Bye-Laws		Business policy		National law	
		No.	Percent	No	Percent	No.	Percent
A. Social, Administrative and member problems							
1. Recruitment and dismissal of members	31	31	(100.0)				
2. Rules and discipline	31	22	(66.7)	11	(33.3)		
3. Provision of social services	31	31	(100)				
4. Education	2	2	(6.1)				
5. Member relations	14	14	(42.0)				
6. System of participation	31	31	(100.0)				
7. Incentive systems	31	29	(93.0)	2	(6.1)		
8. Election of officers	31	33	(100.0)				
B. Technical and production problems							
9. Improvement of work conditions, problems of industrial safety							
10. Research and development	2	—		2	(6.1)		
11. Changes in work organisation and administration	12	—		12	(36.4)		
12. Maintenance of equipment	1			1	(3.0)		
13. Quality control	4	—		4	(12.1)		
14. Raw material supplies	3	—		3	(9.1)		
15. Sales commercialisation	18			8	(24.2)	10	(30.3)
16. Selection of technology	4	4	(12.1)				
C Problems of economic and financial management							
17. Investment and growth	1	—		1	(3.0)		
18. Production planning	4	—		4	(12.1)		
19. Financing and operating	31	31	(100.0)				
20. Pricing policy	14	14	(42.2)				
21. Budgeting and annual accounts	31	31	(100.0)				

Only three groups of co-operatives have developed their own business policies for their operations. For instance, all the taxi co-operatives relied on similar instructions in the areas of changes in work organisation and disciplines. The transport and disciplinary committees had developed some rules on how drivers were to behave at the taxi ranks. Such rules spell out precisely sanctions to be taken against members who contravened them.

The gin distillers had special rules for quality control and sale of members' control. These rules were actually designed by their national apex bodies. There was also a national regulation which made it obligatory for members to pay levies to their co-operatives.

In fact, the gin distillers were the only co-operatives found to have such national regulations regarding any contractual agreements between the members and their co-operatives. In the rest of the co-operatives, there was no form of contractual agreements binding members to deliver their products or offer some kind of services to their co-operatives. The only form of contractual arrangements was found in the Bye-laws. This stipulated the type of financial contributions to be made by members.

There were also quite a number of unregulated activities in the co-operatives. Most of these would have occurred within the individual member enterprises or through informal co-operation among members. In the salt co-operatives, there were such informal forms of activities. The beginning of the seasons for making



of salt was organised by the co-operatives. The co-operatives made sure that members performed some customary rites before the beginning and ending of the salt making season. These were observed by certain traditional rites which were organised by the co-operatives.

#### **5.4     *Structural Factors in the Co-operatives***

The descriptions of the accountability structures, administrative components and the decision rules in the co-operatives in the previous sections offer a number of structural variables which one can use to describe the participatory schemes in the co-operatives.

These structural variables are:

a.     The accountability structure

- The form of representation; direct and indirect participation through elected representatives
- Role specialisation and division of labour; a count of the number of managerial roles including sub-committees in the co-operatives
- Size of the management committee; number of elected officers in the management committee
- Number of meetings by the management committees
- Number of meetings by the General Body of members

- b. The administrative component
  - Number of Hired Labour
  - Percentage of Hired Labour
  - Size of the Administrative Component; number of full time staff in the co-operative
- c. Decision Rules; number of written down regulation for decision making in the co-operatives

These structural variables represent the dimensions along which participatory schemes can vary in co-operatives. Appendix 8 provides the scores of the structural variables for each of the co-operatives. In table 5.3, we have an aggregation of the scores in terms of the co-operative industry groups.<sup>14</sup>

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<sup>14</sup>The structural variables have been adopted from various sources including; H. P. Dachler /B. Wilpert, op. cit. M. Rosner and U. Leviathan , (eds.) Work and Organization in Kibbutz Industry, Norwood, 1980. E. Dulfer, Betriebswirtschaftslehre der...op. cit.

Appendix 5.3  
Structural Factors and Co-operative Industry Groups

	Block Makers		Electrical Workers		Gin Distillers		Grain Millers		Herbalists		Rattan Weavers		Salt Winners		Taxi Drivers		Tie & Dye
Structural Variables	n=2		n=3		n=10		n=2		n=1		n=1		n=1		n=10		n=1
	M	SD	M	SD	M	SD	M	SD							M	SD	
Size of the Management Committee	9	2.8	2.3	4.0	7	0.0	7	0.0	7		7		11		11	0.0	7
	2	0.0	1	0.0	2	0.0	2	0.0	2		2		2		2	0.0	2
Role Specialisation	4	0.0	1	1.7	3.8	1.0	4	0.0	5		4		4		8	0.0	4
Management Committee Meetings	3.5	0.7	4.6	0.6	26	0.5	3.0	0.0	3		4.0		3		3.0	0.0	3.0
Membership Group Meetings	2.0	1.4	4.6	0.6	1.0	0.0	2.5	2.1	3		4.0		3.		3.0	0.0	3.0
Size of the Administrative Component	1	0.0	1	0.0	2	0.9	1	0.0	4		1		1.		1.0	0.0	1.0
No. of Hired Labour	0	0.0	0	0.0	1.5	1.3	0	0.0	3		0		0		0	0.0	0
Percentage of Hired Labour	0	0.0	0	0.0	75.9	3.0	0	0.0	100		0		0		0	0.0	0
Decision Rules	8.5	0.7	11	0.0	10	0.0	8.5	0.7	12		8		8	0.0	10	0.0	8



Among the variables in table 5.3, size of the management committees, size of the Administrative component and the number and percentage of Hired Labour appear to be similar in all the co-operatives. This is with the exception of the electrical co-operatives. The electrical co-operatives have quite smaller sizes of management committees. This comes from the fact that two of the co-operatives have a direct form of representation. The other exception, the taxi drivers co-operatives, had as many as eleven elected officers.

Many of the co-operatives have employed their own members to manage their affairs. The only exception to this were the gin distillers co-operatives and herbalists. In the herbalists co-operatives all the staff were non members and in the gin distillers as much as 75 per cent of the staff were also non members. Also the herbalists also had 100 per cent of their staff employed. In the herbalists, these officers were nurses and in the distillers they were checkers. It should be pointed out here that these were also the two industry group of co-operatives whose officers are also engaged in activities other than mere recording of minutes and business activities.

The major sources of differences amongst the co-operatives were in number of meetings and role specialisation. The number of meetings shows considerably different trends. The management committee meetings varied from fortnightly meetings to half-yearly meetings. The meetings of the general body of members also ranged from yearly annual general meetings to fortnightly meetings.

The most striking of the differences between the co-operatives, however, is role specialisation in the co-operatives. These differences are shown in Table 5.4.

Table 5.4  
Role Specialisation in the Co-operative

Managerial Roles	Gin Distillers	Taxi Drivers	Rattan Weavers	Grain Millers	Block Makers	Herbalists	Salt Winners	Tie and Dye	Electrical Workers
Accountability Structure									
President	+	+	+	+	+	+	+	+	+
Vice President	+	+	+	+	+	+	+	+	
Treasurer	+	+	+	+	+	+	+	+	
Assistant Treasurer							+		
Chief Driver		+							
Welfare Officer		+							
Transport Committee		+							
Disciplinary Committee		+							
Administrative Component									
Secretary	+	+	+	+	+	+	+	+	
Clerks	+								
Checkers	+								
Nurses						+	+		
TOTAL	6	8	4	4	4	5	6	4	1



The taxi drivers co-operative exhibited different forms of role specialisation. Role specialisation has occurred within the management committee instead of the administrative component. Unlike the Taxi Drivers, the Gin Distillers co-operatives have kept the size of their management committees to the minimum of seven required for their establishment. However, they have created new administrative roles in the form of "Checkers".

### **5.5 *Patterns of Control and their Structural Variables***

We have up to this point, in this chapter, provided an empirical description of the various participatory schemes in the co-operatives. In this section, we shall investigate the extent to which the participatory schemes in the co-operatives determine member participation and control in them. Our approach to the investigation is to look for the combination of structural variables associated with each of the four patterns of control. The four patterns of control are: the *management controlled co-operatives*, the *democratic co-operatives*, the *membership group controlled co-operatives* and the *inactive co-operatives*. The four patterns of control in the co-operatives were determined by grouping together co-operatives with similar distribution of control among the decision making bodies.

The reasons for using the four patterns of control as a basis for assessing the influence of the participatory schemes on participation and control comes from our assumption that control in co-operatives is related to organisational attributes

as role speculation, division of labour and hierarchy of authority.<sup>15</sup> Hence, we expect that each of the four patterns of control will be characterised by a particular combination of structural variables. In other words, we expect co-operatives with similar distributions of control among the decision making bodies to be characterised by a similar combination of structural variables.

The structural variables for the investigation are derived from the structural properties of the accountability structure, the administrative component and decision rules in the co-operatives. To investigate the combination of structural variables characteristic with the each of the four patterns of control, we computed the aggregates of the scores of the structural variables of the co-operatives listed in Appendix 8. The aggregation of the scores was computed in terms of the patterns of control to which a co-operative belonged.

Table 5.5 provides information on the combination of structural variables underlying each pattern of control. The data in the table represents the aggregates of the structural variables of the co-operatives for each of the four patterns of control.

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<sup>15</sup>A. S. Tannenbaum (ed.), *Control in Organizations*, New York, McGraw Hill, 1968. H. P. Dachler & B. Wilpert, *op. cit.*

Table 5.5

## The Patterns of Control and their Structural Features

	Democratic Co-ops	Management Committee Controlled Co-ops	Membership Group Controlled Co-ops	Inactive Co-ops
Structural Factors	n=6	n=14	n=5	n=6
<b>A. The Accountability Structure</b>				
Size of the Management Committee	7.6	10	4.2	7
Form of Representation	2	2-	1.6	2-
Role of Specialization	3.8	6.9	2.0	3.6
Management Committee Meetings	3.6	3.0	4.0	2.3
Membership Group Meetings	2.8	1.5	2.6	0.8
<b>B. The Administrative Component</b>				
Size of the Administrative Component	1-	15	1.8	1.5
Number of Hired Labour	0	0.5	0.6	1.2
Percent of Hired Labour	0	40.7	20.0	83.3
<b>C. Decision Rules</b>	9.2	9.4	11.0	10.0

### The Accountability Structure

The four different patterns of control in the co-operatives variables show considerable variations between their accountability structures. In particular, the size of the management committees ranges from the score of 4.2 to 10. The management committee controlled co-operatives have the highest score of 10. The size of the membership group controlled co-operatives even falls below the minimum number of seven required for the establishment of co-operatives. The reason for the smaller size of the management committee is that the two electrical workers co-operatives in the membership controlled co-operatives did not have any management committee.



The form of representation is described as direct participation or an indirect participation. The score of one (1) represents direct participation and the score of two (2) denotes indirect participation. The indirect form of participation appears to be the predominant form of participation in decision making. It is only in the membership group controlled co-operatives where indirect form of participation was not predominant. This is because only the direct form of participation prevailed in the electrical worker co-operatives.

Role specialisation also varies considerably between the four patterns of control. The greatest number of roles are found in the management controlled co-operatives while the least number of roles are found in the membership group controlled co-operatives.

Meetings in the co-operatives were of two types. The management committee meetings and the membership group meetings. The higher scores denote frequent meetings in the co-operatives. (See section 5.11) Management committee meetings were more frequent in the membership groups controlled co-operatives than the others. In these co-operatives, the management committee meetings were held fortnightly and on the average monthly meetings were held by the membership group. The co-operatives with the least number of meetings were the inactive co-operatives. In these co-operatives meetings the membership group rarely held meetings and the management committees met about every six months. From the table, it can be observed that in the membership controlled and democratic co-operatives, meetings by the

membership group were more frequent than those of the management committees. This observation suggests that the number of meetings in the co-operatives is one of the major contributory factors determining the patterns of control in the co-operatives.

### **The Administrative Component**

The administrative component includes the structural variables, size of the administrative component, number of hired labour, and percent of hired labour. Table 5.5 indicates almost similar size for the administrative components in the co-operatives. As we pointed out earlier in this chapter, it was only in the distillers co-operatives that the size of the administrative component was observed to be up to four in number. Otherwise, most of the co-operatives employed only one secretary. Our discussions with the management committee about the implications of the employment of hired labour revealed that that they were completely of its implications. In co-operatives, especially the worker co-operatives, the employment of hired labour contradicts the ideals of self-management and self-administration.

### **Decision Rules**

Decision rules provide the normative framework in organisations. In co-operatives, the bye-laws are the major source of rules for the regulation of activities. In table 5.5, the membership group controlled co-operatives appeared

to use the greatest number of decision rules. The least number of decision rules comes from the democratic co-operatives.

In the above discussions, we have outlined the major differences between the four patterns of control in terms of the structural variables in Table 5.5. Our major interest in this section is to establish whether or not there is a specific combination of structural factors underlying the different patterns of control in the co-operatives. That is, the extent to which the levels of the scores of the structural variables are related to one another.

To investigate relationships between the patterns of control and the structural variables in the table, we followed the congruency theory. The theory, according to Brown, suggests that "organisations which are internally consistent as to their structure, process and ideology will be more effective in meeting designed outcomes."<sup>16</sup> She suggests further that "an internally consistent participatory democratic organisation is decentralised, has low levels of task specialisation, makes use of consensus decision making procedures .. uses more information channels and has a participatory democratic organisation and leader ideology."<sup>17</sup>

The relationships between the structural variables as posited in the congruency theory can be observed in the democratic co-operatives. These show lower scores in their structural variables. This is indicated by the average score of one

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<sup>16</sup> L. H. Brown, Democracy in Organization, Membership Participation and Organization Characteristics in U. S. Retail Food Co-operatives, Organizational Studies, Vol. 64 p313-334.

<sup>17</sup> Ibid.



for the administrative component. The size of the management committee is seven and just up to the basic requirement for the establishment of co-operatives in Ghana. However, they have considerably higher score for their meetings.

The Management Committee controlled co-operatives have higher scores for their structural variables than the democratic co-operatives. This is indicated by higher levels role specialisation and an average number of ten for the size of their management component. The frequency of meetings in these co-operatives is, however, relatively low. The score of meetings by the management committee is only three, which suggests a meeting about once a month in the co-operatives. On the other hand, meetings held by the membership group are about once in every six months on the average.

The Inactive Co-operatives exhibited also low scores for their structural variables. This may explain why there is little control exercised by the decision making bodies.<sup>18</sup> The score of the meetings by the management committees indicates that they were held about once in six months. The score for the meetings of the membership group also indicates their meetings were held about once a year. These scores suggest considerably lower levels of activity in these co-operatives.

The Member Controlled co-operatives also portray low structuring of activities. To some extent, they even have lower scores for their structural variables than

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<sup>18</sup>Similar findings by Pugh suggests that lower structuring of activities does not necessarily indicate a chaotic situation in an organisation. It suggests that their structures might be implicit. That is, they may be run by implicitly transmitted custom and that they tend to be small organisations. See D. S. Pugh, *Empirical Taxonomy of Structure of Work Organisations*, *Administrative Science Quarterly*, pp.115-126, 1958....op. cit.

the Democratic co-operatives. The size of the management committee falls even below the minimum of seven. On the other hand, they exhibit higher frequencies of meetings than all the other co-operatives.

Although our study did not investigate thoroughly all the factors suggested by congruency theory, the analysis above suggest some clear consistent relationship between the structural variables underlying each pattern of control in the co-operatives. For instance, the combination of structural variables associated with the Democratic Co-operatives and Membership Group controlled co-operatives comes close to Brown's congruency theory. In these co-operatives, the combination of structural variables indicates lower levels of role specialisation, decentralisation of decision making. That is, control over the affairs of the co-operatives is either shared or concentrated in the hands of the membership group.

In contrast, the management committee controlled co-operatives exhibited higher levels of role specialisation, division of labour and increases in the size of their administrative component. The management committees also held more meetings than the membership group. It can be also be observed in the table that meetings by the membership group occurred about once in a year. This is considerably less than the number observed in the Democratic Co-operatives and the membership group controlled co-operatives. This is an indication of the prevalence of indirect forms of participation in the co-operatives.

The consistency in the combination of structural variables underlying the patterns of control suggests that the participatory scheme in a co-operative can influence its pattern of control. We saw in our analysis of the data in Table 5.5 that there was a characteristic combination of structural variables associated with each of the four patterns of control. These findings also suggest that irrespective of the type of co-operatives and the industry group to which they belong, differences in the structuring of activities in the co-operatives can lead to variations in their patterns of control. Hence, the combination of structural variables provides us with some explanations of the major differences in the patterns of control among the gin distiller co-operatives.

## Summary

This chapter had two key objectives. Firstly, the first objective was to provide an empirical description of the participatory schemes in the co-operatives. Secondly, the objective was to determine the extent to which the participatory schemes in the co-operatives influenced patterns of control in the co-operatives.

To pursue the two objectives, we first investigated the accountability structure, the administrative component and decision rule in the co-operatives. The investigation of the three structural dimensions provided us with nine structural variables for a comparative study of the participatory schemes in the co-operatives. The structural variables included, size of the management committee, form of representation, role specialisation, meetings by the management committees and the membership group, size of the administrative



component, number of hired labour, percentage of hired labour and decision rules.

The study of the structural dimensions of the co-operatives provided us with the empirical descriptions of their participatory schemes. It also provided us with some structural variables for comparative study of the participatory schemes and their impact on the patterns of control in the co-operatives.

In studying the accountability structure, the administrative component and decision rules in the co-operatives, we found out that most of the co-operatives still adhere to the basic scheme of participation given in the ideal classical model. This was indicated by low levels of role specialisation and division of labour, the size of the management committee and the size of the administrative component.

There were some basic similarities in the score of the structural variables across the co-operatives. Most of these similarities can be traced to certain practices in the industry groups to which the co-operatives belonged. These similarities were mostly from the decision rules used in the co-operatives. We observed that some industry group of co-operatives tends to develop similar rules to regulate their activities.

Among the structural variables, role specialisation and the frequency of meetings presented the greatest source of variation in the co-operatives. While some co-operatives restricted themselves to the basic normative roles stipulated for the members of the management, others have developed new roles. Some of the

co-operatives have also used meetings as a device to obtain a mixture of direct and indirect form of participation.

The structural variables offered the means to investigate the extent to which participatory scheme in the co-operatives influenced the patterns of control. In our investigations, we observed that there was a certain combination of structural variables underlying each of the four patterns of control we studied. The combination of structural variables was indicated by a certain pattern of relations found in the level of their scores. For instance, we found that in the membership group controlled co-operatives, there were lower scores of the size of the management group, little or no role specialisation, but higher score for meetings by the membership group. In contrast, the management committee controlled co-operatives showed considerable higher scores for role specialisation, size of the management committee and lower score for meeting of the membership group.

Our findings indicate that the greater the division of labour in the management committee, the more influence the management committee gains in the co-operatives. On the other hand, the frequency of meetings by the membership group in a co-operative seem to contribute to a greater amount of control on their behalf.

These findings in this chapter lead us to the conclusion that the participatory schemes in co-operatives vary in considerable number of ways. Hence, one cannot speak of an ideal model of co-operatives that all co-operatives can

subscribe to. Furthermore, member participation in co-operatives is dependent more on the type of participatory scheme adopted by the co-operatives.

These conclusions must, however, be accepted with some concern. The structural variables for characterising the co-operatives have been developed out of the conceptual scheme of this study. Literature in organisational theory and co-operative theory presents a great variety of structural variables for the study of self-managed organisations. Hence, it is possible that some other variables than those used in this study can also explain the variations in the patterns of control.



## Chapter 6

### Organizational Conditions in the Co-operatives

The previous chapter showed the various ways in which participatory schemes in co-operatives can be structured. The chapter also showed that under different patterns of control, it is possible to have a different combination of structural variables depicting the scheme of participation in a co-operative. In the management literature, it has been pointed out that differences in the structure of organisations are related to the contextual variables of the organization.

According to Pugh, contextual factors describe the circumstances or the conditions under which organisations operate.<sup>1</sup> Hence, to explain the differences in the structuring of activities in the co-operatives, it is essential that we investigate the organisational conditions under which the co-operatives operate. A considerable number of studies in organization behaviour have provided indicators for the study of the conditions under which organisations operate. They include contextual variables such as, technology, ownership and control, location, size, history and origins, objectives.<sup>2</sup>

In this chapter we shall examine the extent to which the objectives, membership size and the technology used in the co-operatives affect the participatory systems in the co-operatives. Furthermore, we shall examine the extent to which socio-

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<sup>1</sup> D. S. Pugh et al, The context of....op. cit.

<sup>2</sup>D. S. Pugh et. al the context of op. cit., Dachler and W. Wilpert, op. cit., M. Rosner op cit.

cultural factors in Ghana have influenced the design of participatory schemes in the co-operatives. These variables were chosen, because they are variables which previous research has shown to have consistent relationships with participative schemes in organisations.<sup>3</sup>

### **6.1 *The Objectives and Services of the Co-operatives***

The character of co-operative organisations has more or less been associated with their objectives. Co-operatives are characterized as participative or self-managed organisations because they seek to promote the interest of their members through self-administration, mutual aid and democratic management. The relationship between objectives of an organization and its structure has been explained more clearly in the management literature. Management theorists have related the authority systems in organisations to the underlying values, objectives and tasks for which they were designed to serve. For instance, Max. Weber suggested that forms of social action would conform to the bases of authority and each type of authority also would imply a particular type of organization to implement its aims.<sup>4</sup>

Following Pugh et al, the objectives of the co-operatives were translated into quantitative form by characterizing them in terms of their outputs or services.<sup>5</sup>

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<sup>3</sup> See for instance, H. P. Dachler and B. Wilpert, op. cit. M. Rosner, op. cit.

<sup>4</sup>M. Weber, op. cit.

<sup>5</sup>Literature does not present an uniform operationalisation of organization objectives. Objectives are generally derived from organization goals and serve as purposes and tasks. Pugh brings the various concepts together under the concept "charter". This is interpreted to wear an organization" social function, goals,

In co-operative theory, the services or outputs of co-operatives form the "basic charge" of the members to the management.<sup>6</sup>

The basic charge represents the common objectives, needs and desires of the membership group for which the co-operative was designed to serve. This would have evolved out of decision making and goal formulation in the co-operatives. The management of the co-operatives is charged with the implementation of this "common interest" to promote members' interest.<sup>7</sup>

The services of the co-operative may also be seen as a social control mechanism. In return for offering them, the co-operative may receive various kinds of commitments from members.<sup>8</sup> Uphoff and Eastman have described this relationship as "the degree of control that an organization, in effect, its leadership can have over its membership. It represents the converse of accountability, the control that members can exercise over their leaders".<sup>9</sup>

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ideology and value systems in influencing structure and functioning" The purpose of an organization is then characterized in terms of its "output" i.e. its products and services. D. S. Pugh, et al Dimension of... op cit.

<sup>6</sup>R. Henzler, op. cit. and E. Dulfer, Operational Efficiency...op. cit.

<sup>7</sup>R. Henzler, op. cit.

<sup>8</sup>The underlying tenets of this relationship have also been examined in social exchange theory. The theory attempts to describe the behaviour of individuals in social situations involving collective actions. That is, the judgment of people about how much they are putting in against what they may be receiving in terms of rewards compared with another party. Tannenbaum for example, has considered the exercise of influence as "an exchange of some valued resources dispersed by one person in return for compliance on the part of the other". In this sense, he has related the total amount of control in an organization to the amount of involving the compliance of the organization members to its imperatives. For a thorough discussion of this, see Homans, G.C. (1950) *The Human Group*. New York: Harcourt, Brace., 1950, B.M. Staw, op. cit., E. Chell, *Participation and Organization*, London 1985. A.S Tannenbaum (1986) op. cit.

<sup>9</sup>N.T. Uphoff and M.J. Easman, *Local Organization and Rural Development*, Cornell University Press, 1984



In the following sections we shall investigate:

1. The types of services offered to members by the co-operatives.
2. The primary orientations of services of the co-operatives
3. How the services are related to the types of co-operatives and their participatory schemes.

### **6.11 *The Co-operatives and their Services***

In order to develop a list of items to identify the types of services offered by the co-operatives, we followed Knoke and Isak's categorization of organization incentives into utilitarian, normative and affective incentives.<sup>10</sup>

The utilitarian, affective and normative incentives can be described as follows:

- a. Utilitarian incentives, refer to goods or activities which permit the calculation of benefits and costs. They allow members to carry out a rational calculation of the expected utility gained in exchange for their resource contributions. They include material goods which can be translated into monetary values as:

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<sup>10</sup>D. Knoke and Wright Isak, Individual Motives and Organization Incentive Systems, in S.B. Bacharach (ed.) Research in Sociology of Organisations Vol. 2. 1982. Other alternative forms of classification have been constructed, among the best known is that of Elzioni's compliance theory. This includes, normative sanction, the allocation and manipulation of social symbolic rewards and deprivations; coercive sanction, the application of physical force and; utilitarian sanctions - the application of economic incentives. Amatai Etzioni, A comparative analysis of complex organisations, New York, 1975. See also M. Olson, Die Logik des Kollektiven Handels, Kollektivgüter und die Theorie der Gruppen, Tübingen. 1968.

- Use of financial rewards
- Status perks
- Discount on members' purchases
- Guarantee of higher income
  - Lowered tax rate and material goods
- Social Status and prestige
- Access to public services

b. In contrast to utilitarian incentives, normative incentives see organization values and ideal as relevant bases for a person's involvement in a joint social action. Knoke and Isak have suggested a number of organizational activities involving the following:<sup>11</sup>

- Civic duties
- Activities involving global purposes proclaimed by the organization, e.g. Self-help and mutual aid, mobilization of local resources.

c. Affective incentive involves services to foster emotional attachments among members and individuals to the organization as a whole. It includes:

- social parties
- joint recreational activities

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<sup>11</sup> D. Knoke and Wright Isak, op. cit.

- personal contact with charismatic leaders
- formal ceremonies to confirm loyalties

Below is a list of items developed for the measure of services and tasks in the co-operatives.<sup>12</sup>

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<sup>12</sup>The list was developed from a comprehensive study of literature including the following sources: M. Patchen, *Participation Achievement and Involvement on the job*, Englewood Cliffs, N.J., Prentice Hall, 1970  
 G. Graen, *Role Making Processes within Complex Organization*, in: M.D. Dunnette (ed.) *Handbook of Industrial and Organizational Psychology*, Chicago. 1975. For similar motivational approaches to study co-operatives and related self-help and self-managed enterprises, see also N. Oliver, *Commitment in Producer Co-operatives, A Perspective from Social Psychology of Organisations*, and A. Hanel and J.O. Mueller, *Improving the Methodology for Evaluating the Development of Rural Co-operatives with reference to Developing Countries - Case Study Iran*, FAO, Rome 1978. Pinnard, M. and Hamilton, R. (1986) *Motivational Dimensions in the Quebec Independence Movement: A Test of new Model*, in: *Research in Social Movements, Conflicts and Change*, vol. 9 p225-280  
 Morss, E.R., Hatch, J.K. Micklewait & Sweet, C.F., (1976) *Strategies for Small-scale Farmer Development*, vol. 1 A Study prepared by Development Alternative Inc., Colorado



Table 6.1

List of items for the measure of Services in the Co-operatives

Category of Services		
Utilitarian Services	Normative Services	Affective Services
1. Financial Rewards (e.g. guarantee of wages)	Mutual aid and Self-help	Joint Recreational Facilities
2. Physical plant facilities (e.g. provision of workshops)	Members Welfare	Social Parties and ceremonies
3. Access to Public Services	Support for other workers	
4. Secure employment	Mobilization of Local Resources for development	
5. Social Security and insurance	Civic duties	
6. Marketing (storage and distribution)	Education of members	
7. Credit facilities		
8. Training and development of skills		
9. Supply of resources		

Information on the items in table 6.1 was collected from interviews with the management committees of the co-operatives. During the interviews, the respondents were asked to indicate from a list of items, as in table 6.1, the services the co-operative offered its members. Additional information was also collected from the income and expenditure accounts of the co-operatives. The information collected on the types of services offered by the co-operatives is shown in Table 6.2

Table 6.2  
The Co-operatives and their Services

TYPES OF SERVICES		CO-OPERATIVES																																
		Gin Distillers	Taxi Drivers	Rattan Weavers	Grain Milling	Block Makers	Gin Distillers	Herbalists	Salt Winners	Electrical Workers	Electrical Workers	Taxi Drivers	Taxi Drivers	Taxi Drivers	Gin Distillers	Gin Distillers	Textiles	Gin Distillers	Gin Distillers	Gin Distillers	Gin Distillers	Gin Distillers	Gin Distillers	Gin Distillers	Electrical Workers	Lock Makers	Grain Millers	Taxi Drivers	Taxi Drivers	Taxi Drivers	Taxi Drivers	Taxi Drivers	Total	Percent of Co-ops.
1.Higher Income For Members	+							+		+	+																						5	16
2. Provision of Physical Plant Facilities	+	+	+	+				+	+	+	+	+	+	+			+	+	+						+				+	+	+	+	21	68
3. Mutual Aid And Self Help	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+		+	+	+						+	+	+	+	+	+	+	+	28	90
4. Interest In The Welfare Of Members	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+				+	+	+				+	+	+	+	+	+	+	+	28	90
5. Access To Public Services				+	+	+		+		+	+														+		+	+					8	26
6. Marketing Of Produce				+	+				+																		+						4	13
7. Support For Other Workers		+						+		+	+	+	+	+	+										+							14	45	
8. Provision Of Secure Employment										+	+				+											+							3	10
9. Credit Facilities			+								+															+							3	10
10. Training And Development Of Skills					+	+																											2	7
11. Mobilisation Of Resources									+																								1	2
12. Supply Of Resources								+									+									+							3	10
13. Civic Duties		+				+			+			+	+	+																			12	39
14. Education Of Members																																	0	0
15. Gives Social Function		+						+	+	+	+	+	+	+																			12	39
16. Provision Of Social Security And Insurance							+	+	+																								2	7
TOTAL	4	6	6	5	5	2	9	8	8	9	6	6	6	6	3	1	3	3	3	2	1	3	3	7	4	4	4	5	5	4	5	6		



Table 6.2 shows the distribution of the services across the co-operatives. The table shows the types of services offered by the co-operatives, the number of services offered by a co-operative, the number of co-operatives offering a particular service and the percentage of co-operatives offering that service.

The table shows that member welfare is the most predominant service offered by the co-operatives to their members. About 90 percent of the co-operatives provided such a service. The service involved mainly financial aid to individual members in the event of illness. It also included donations at funerals of relatives of the co-operative members. These were services which showed up in the income and expenditure accounts of the co-operatives.

Another predominant service offered by the co-operatives was mutual aid and self help. The objective of the co-operatives for providing this service was to create an avenue for individual members to provide assistance to one another in times of need. We observed during the field work that the co-operatives served as a vehicle through which members could address their social problems together. For instance, in the grain millers co-operatives the management would assign other members to manage the corn mills of other members whenever they were indisposed.

The provision of physical plant facilities also attracted 68 per cent of the co-operatives. Although most of the co-operatives in this study were service co-operatives and were not directly involved in productive activities, their members'

economic activities demanded that the co-operatives should aid in finding workshops for them. For instance, for the taxi drivers, salt winners and the rattan weavers co-operatives, a major part of their tasks was to find a location for their members.

Next in the range of services offered by the co-operatives was access to public services. Among the co-operatives which offered this service was the Rattan Weavers, Grain Millers and the Herbalist Co-operatives. The management of these societies pointed out that the activities of their members had received little attention by the institutions of the formal sectors of the Ghanaian economy. Hence, their societies acted as representative organs for their members. The duties of the co-operatives were to lobby governmental and development agencies to give greater attention and more recognition to their activities. In addition, the tasks of these societies were to act as conduits through which banks can offer loans to the individual members.

The least in the number of services offered by the co-operatives were development and training, credit facilities and education. For example, the only co-operative which showed interest in education was the block makers co-operatives. Their objective was to provide new members with training in block making and the management of the individual enterprises.

### **6.12 *The Types of Services Offered by the Co-operatives***

A major objective of this chapter is to find out the extent to which the services of the co-operatives are related to their different participatory schemes. In order to investigate this relationship, this section will first of all investigate the types of services offered by the co-operatives. This will enable us to examine how differences in the participatory schemes in the co-operatives are related to their objectives.

To determine the primary orientations of the services offered by the co-operatives to their members, we counted the number of services offered by each of the co-operatives. The services were further classified as mutual benefit (affective and normative) and rational economic services. The respective percentages of the two categories of services offered by a co-operative were also calculated. Table 6.3 presents information on the number of services and the percentages devoted to the mutual benefit and rational economic services in each of the co-operatives.



Table 6.3

Primary orientations of the Services of the Co-operatives

Co-operatives	Rational Economic		Mutual Benefit	
	No. of Services	% of Services	No. of Services	% of Services
1. Gin Distillers	2	50	2	50
2. Taxi Drivers	1	17	5	83
3. Rattan Weavers	4	67	2	33
4. Grain Milling	2	50	2	50
5. Block Makers	2	40	3	60
6. Gin Distillers	0	0	2	100
7. Herbalists	4	44	5	56
8. Salt Winners	2	25	6	75
9. Electrical Workers	4	50	4	50
10. Electrical Workers	4	50	4	50
11. Taxi Drivers	1	17	5	83
12. Taxi Drivers	1	17	5	83
13. Taxi Drivers	1	17	5	83
14. Gin Distillers	0	0	2	100
15. Gin Distillers	0	0	1	100
16. Textiles	1	20	4	80
17. Gin Distillers	1	33	2	67
18. Gin Distillers	1	33	2	67
19. Gin Distillers	0	0	2	100
20. Gin Distillers	0	0	1	100
21. Gin Distillers	1	33	2	67
22. Gin Distillers	1	33	2	67
23. Electrical workers	3	33	6	67
24. lock makers	2	50	2	50
25. Grain Millers	2	50	2	50
26. Taxi Drivers	1	20	4	80
27. Taxi Drivers	1	33	2	67
28. Taxi Drivers	1	25	3	75
29. Taxi Drivers	1	25	3	75
30. Taxi Drivers	1	20	4	80
31. Taxi Drivers	1	4	4	80
Total	2.4	34.9	3.8	65.1

In general, one can hardly perceive any differences in the service orientations of the co-operatives. The co-operatives are more preoccupied with mutual benefit activities than rational economic services. An aggregate of the percentage of services devoted to the mutual benefit and utilitarian services was 60.4 percent and 39.6 percent, respectively.

The major differences between the co-operatives, however, come from the varying degrees in which the different category of services have been offered.

For instance, the grain milling, block makers and Herbalist may be described as "partisan" co-operatives. This is because they seek to provide both utilitarian or material services and mutual benefit services in almost equal proportion.<sup>13</sup>

Another group of co-operatives may also be described as pure normative.

These include the salt winners, gin distillers, taxi drivers co-operatives. About 75 percent of the services of these co-operatives has been devoted to the provision of mutual benefit services. The only co-operatives which seek to offer more utilitarian services than mutual benefit are the rattan weavers.

The question may be asked why the co-operatives offered more mutual benefit services than the Utilitarian. One of the reasons for the provision of such

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<sup>13</sup> According to Knoke/Isak, an organization may be described as "partisan" when it provides both services. This is characteristic of professional societies which seek to attract members by offering material services and at the same time appealing to the "traditions and standards" of the profession. See D. Knoke/W. Isak, op. cit.

services comes from socio-cultural factors. The predominance of the mutual benefit services can be traced to the traditional paternalistic attitudes in the Ghanaian society. This attitude places more emphasis on welfare of the family members in the extended family system.

For instance, studies in Ghana and other African countries have also revealed similar preferences for such mutual benefit incentives. In his studies of management style in Ghana, Damachi has pointed out that "top management in Ghana are over concerned with the welfare of the worker to the extent that there is the tendency to control him even outside work place."<sup>14</sup>

According to Damachi, the worker is regarded as "a member of the extended family system (that is, the organisation) and he is made to feel so by the warmth and security management tries to provide in the work place."<sup>15</sup> He calls this "paternalistic authoritarian" management style. Damachi suggests that this type of managerial authority has social cultural elements in it. This is because it is based on the African extended family system and gives no room for subordinates to have individual initiative.

Other reasons for the combination of mutual benefit and utilitarian services may come from the nature of the circumstances under which the co-operatives were established. In chapter 2, we found out that the reasons for the formation of most

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<sup>14</sup> U. G. Damachi, *Theories of Management and the Executive in the Developing World*, London, 1978.

<sup>15</sup> Ibid.



co-operatives were to remedy certain socio-economic problems in their respective sectors.

For instance, the salt winning co-operatives were formed to retain the Songhor Lagoon from private enterprises and bring harmony into the community. Having experienced the lack of accountability and democratic management from their mother unions, the taxi drivers established a co-operative which would not only provide them with taxi ranks, but will also readily respond to needs. Hence, the creation of certain management structures to cater for specific social needs of the members.

The activities of the pure utilitarian co-operatives; the rattan weavers, may be seen as part of an attempt to solve some of the problems faced by small-scale industries in Ghana. Small-scale industries in developing countries face problems such as lack of access to public facilities, inadequate finance and acquisition of capital.<sup>16</sup> The solution to these problems is reflected in the types of services offered by the rattan weavers. Its services included provision of a location for members to work together, acting as a representative organ for the society in dealing with developmental institutions and exploration of marketing channels.

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<sup>16</sup>G. Andrae, op. cit.

**6.13    *Types of Services and Participatory Schemes in the Co-operatives***

Our discussions in section 6.12 suggest that the services of the co-operatives are oriented to a combination of rational economic and mutual benefit factors. In this section, we shall examine how the different types of co-operatives and their participatory schemes are designed to promote the types of services offered by them.

Table 6.4 provides information on the service orientations of the different types of co-operatives. The table gives information on the number of services offered by the types of co-operatives and their industry groups. These services are dichotomized into utilitarian and mutual benefit services. The information in the table is derived from data in table 6.3. The data in table 6.4 represent the average number and percentages of services offered by the co-operatives industry groups.

Table 6.4      Types of Co-operatives and their Services

Table 6.4 the Types of Co-operatives and their Services

Co-operatives	Rational Economic		Mutual Benefit	
	No of Services	Percent of Services	No of Services	Percent of Services
Gin Distillers	0.6	18	1.8	82
Taxi Drivers	1	20	4	80
Rattan Weavers	4	67	2	33
Grain Millers	2	50	2	50
Block Makers	2	45	2.5	55
Herbalists	4	44	5	56
Salt Winners	2	35	6	75
Electrical Workers	3.8	44.3	4.7	55.7
Tie and Dye	1	20	4	80
Service Co-ops	1.8	35	3.2	65
Worker Co-ops	3.8	44.2	4.85	55.2
Average Total	2.8	39.6	4.2	60.4



The table shows that the services of the worker co-operatives are quite similar to those of some of the auxiliary co-operatives. For instance, the grain millers and block makers have similar orientations as the herbalists. The types of services offered by these co-operatives are also reflected on their participatory structures.

In the herbalist and the gin distillers co-operatives, the structuring of activities lays emphasis on the development of its administrative component.

Another indication of the development of participatory schemes to promote particular services is also demonstrated by the taxi driver co-operatives. In these co-operatives, special organizational roles have been created to cater for the welfare of the members and maintain discipline among them. This is seen in the introduction of such roles as chief driver and welfare officers.

The organization of the salt winners co-operatives has also been designed to promote the activities of their members and the community at large. Each primary society represents one village, and in turn their management committees have formed a local union to represent the whole community of villages. The establishment of this link with the community enables the co-operatives to offer their services to the members and the community at large. This includes the funding of development projects by the local co-operative union through the respective primary co-operatives.

Most of the co-operatives do not show any form of division of labour or role specialization for us to attribute their structural changes to a particular service.

For instance, the electrical worker co-operatives do not have any established committees. The only identifiable role position in their organization was the President of the society. We would presume that if any special roles or structures existed, then they would be part of the informal processes found in smaller organisations.

This section has sought to examine the primary tasks and services provided by the co-operatives to their members. The main objective of such investigation was to find explanations for the existence of the different structural combination found in the participatory schemes in the co-operatives.

We must, however, be careful of over generalizations about the services in all co-operatives. It is possible that some of the services offered to members do not come from the "basic charge" of the management. As Dulfer has pointed out, it is possible that in some co-operatives, members may not be able to express their interest clearly.<sup>17</sup> This may lead the management committees to adopt their own objectives and provide such services as they may desire.

## **6.2 *Membership Size and Structural Development in Co-operatives***

The size of organizations (measured in terms of the number of employees) has generated a considerable amount of interest among organizational theorists. It is asserted that growth in the sizes of organizations lead to a greater division of

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<sup>17</sup>See E. Dulfer, Betriebswirtschaftlehre der...op. cit.

labour and role specialization. Furthermore, increases in the size of organizations are associated with the formalization of their activities.<sup>18</sup>

In the study of co-operatives, similar assumptions have been made about the relations between their sizes and their participative schemes. For instance, Furstenberg has stated that increases in the size of a co-operative lead to greater division of labour and role specialization.<sup>19</sup> According to him, the creation of more roles gives individual members more chances to participate in the decision making processes within a co-operative.

However, some co-operative theorists have also pointed out that increases in the size of membership can bring about structural problems in the co-operatives. They have suggested that increases in the size of a co-operative can affect the level of member participation. They point out that a greater division of labour in the participatory schemes will lead to new forms of authority systems as well as the creation of status differences in the co-operatives. This will create vertical conflicts between the membership group and the co-operative management.<sup>20</sup>

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<sup>18</sup> See D. S. Pugh et. al., Contextual of..op. cit.

<sup>19</sup>F. Furstenberg, Probleme der Mitglieder Partizipation auf verschiedenen genossenschaftlichen Entwicklungsstufen, in E. Dulfer and W. Hamm (eds.), Die Genossenschaften zwischen Mitgliederpartizipation, Verbundbildung und Burokratietendenz. In fact, a survey of the co-operative literature does not make any distinction between the effects of size of members on the participatory schemes in the different types of co-operatives, namely the worker and the service co-operatives. See for instance, E. Dulfer, Betriebswirtschaftslehre der....op. cit.

<sup>20</sup>E. Dulfer, Betriebswirtschaftslehre der..op. cit.



The effect of membership size on structural developments and the participation of co-operative members in decision making is best summed up by Hoffman.<sup>21</sup>

*"At the lowest level, all contributions necessary for the functioning of the organization are made equally by the participants involved. The higher levels represent phases of development in the course of which the active involvement of the participants is constantly reduced, while at the same time, a staff of officials emerges that progressively takes over all activities. One after the other, administration, management, decision making and executive functions are placed in their hands, though not necessarily in the order given. At the top most level, we have a further development of this official staff into top level official entrusted with the management and decision making and a host of minor executives. The remainder of the participants meantime remain an apathetic and only partially interested client-group, are now merely expected to furnish financial contributions."*

In a study of the relationship between the size of a co-operative and its structure, Evers pointed out that from the size of 4 to 50 structure changes from informal to a formal one.<sup>22</sup> He suggests that there are no mediating points existing along the continuum where an organization shifts from an informal to formal structure. He argues that in a smaller organization, the need for specifying the definition of formal relationship is less. He suggested, for instance, the following changes:

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<sup>21</sup> See A.A. Bodenstedt, op. cit. In addition, research studies on Human relations and employee morale has shown that growth in organization size and its resultant increases in the division of labor brings with it reductions in informal interactions in groups and also leads to increase in group conflict. This consequently reduces members' satisfaction and motivation. Hence, in development theory and practice, there has been a call for the establishment of small socio-economic groups for the development of co-operatives. For literature on this issue, see for instance, A. D. Jedlicka, Organization for Rural Development, New York. 1977

<sup>22</sup>F. T. Evers, J. M. Bohlen and R. D. Warren, The relationship of selected size and structural indicators in economic organisations, Administrative Science Quarterly, 1976.

- a. Co-operatives with less than 10 members would require less co-ordination, hence no structural changes,
- b. Sizes between 10-25 have horizontal changes, and
- c. Sizes above 25 have both horizontal and vertical structural changes occurring.

Table 6.5 illustrates the relationship between membership size and structural development in the co-operatives.

Table 6.5 Membership Size and Structural Development in the Co-operatives

Structural variables	Below 10 n=2	10-25 n=11	26-50 n=4	51-100 n=5	>100 n=9
1. Size of the Management Committee	0	7	7	9.4	11
2. Form of representation	1	2	2	2	2
3. Management Committee meetings	5	3.1	2.5	3.4	3.1
4. Membership Group meetings	5	1.9	1	1.6	1.2
5. Role Specialization	0	3.7	4	6.6	7.3
6. Size of the Administrative Component	0	1.5	1.5	1.6	1
7. No. of hired Labour	0	1.0	0.7	0.7	0
8. Per cent of Hired Labour	0	47.7			
9. Decision rules	11	9.7	9.5	10.2	9.6

It can be observed that as size increases, there are also steady changes in the size of the management committees together with role specialization. Firstly, co-operatives with a size of less than ten do not have any management committee. From a membership size of more than ten, the co-operative is able to maintain a management committee and introduce division of labour in its activities.

There is, however, a contradictory behaviour by the variables, meetings group meetings and management committee meetings. As membership size increases, the scores of these variables experience some decreases. For instance, meetings occur once in a fortnight in a co-operative with membership size below ten. At the same time, it becomes easier for the membership group also to meet almost as often as the management committee.

The rest of the variables show quite inconsistent behaviour. Formalization which most research studies indicate that it is associated with the size of an organization, does not show any considerable changes as size increases. Similarly, the number and percentage of hired labour do not have any consistent relationship with changes in membership size.



### 6.3. *Use of Technology in the Co-operatives*

Technology, according to Pugh, is the "sequence of physical techniques used by the work flow of the organization even if the physical techniques used by the work flow of the organization involve ink and pen."<sup>23</sup> This definition, therefore, covers patterns of operations and equipment used in organisations.<sup>24</sup>

Studies in organization democracy point out that the effect of technology on the schemes of participation depends on the extent to which work processes in the organization are controlled by technology. A major assumption is that a more complex technology will create better conditions for self-management. However, this will require a higher level of education and skills.

To assess the impact of technology on the participatory schemes in the co-operatives, data was collected to estimate the level of sophistication of the equipment used in the co-operatives. The different levels of sophistication were:

- a) Hand tools,
- b) Powered machines and tools
- c) Simple-cycle Automatics and Self feeding machines
- d) Automatics that repeat cycles and carry out routine instructions without aid by operators, and

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<sup>23</sup>D. S. Pugh et al, *The Context of...* op. cit.

<sup>24</sup>See Lawrence B. Mohr, "Organisational Technology and organization structure, *Administrative Science Quarterly*, March 1972, pp 444-459, H. E. Aldrich, *Technology and organization structure: A reexamination of the findings of the Aston Group*, *Administrative Science Quarterly*, March 1972. pp 26-43.

- e) Self-measuring and Adjustment by Feed back or self correcting machines.

The information on technology was collected during visits to the work sites of the co-operatives. The information collected came from sixteen co-operatives. The sixteen co-operatives included; the salt winners co-operatives, the electrical workers and herbalists co-operatives, the rattan weavers, and four of the gin distillers co-operatives. The reason for our inability to obtain information on all the co-operatives was because most of the co-operatives were auxiliary co-operatives and did not have a joint production workshop. The workers co-operatives were the only ones with joint production workshops and were also the only co-operatives where members worked together as a team.

In the distillers co-operatives richer members afforded the opportunity for other members to use their distillery for a fee. We observed from such co-operatives that the family unit provided labour force for the individual members. In addition, the activities of such family groups were independent from other members.

The technology used in the co-operatives was manual. For instance, in the distillers co-operatives locally made barrels, pots bottles and traditional fire earthen wave fire places were the major technology we observed. The work tools of the salt winners included shovels, hoes and pick axes.

The four worker co-operatives, however, used more sophisticated tools as powered machines. For instance, the Herbalist co-operatives used Bunsen burners along with electrical stores to prepare their medicines. The electrical workers also used some electrical appliances in addition to some manual tools.

Though the joint use of technology was so minimal in the majority of the co-operatives to permit any meaningful analysis, some interesting observations were made on their impact on the type of co-operatives. It was observed that the nature of the operations and production processes in co-operatives and their type of technology formed the major bases for joint activities in the co-operatives.

For instance, the production process adopted by the Herbalists involved various stages of activities such as, the harvesting of the herb, boiling of the herb, and controlled experiments to check their toxicity. The technology and process of manufacturing required not only the co-operation of the members, but also some special skills.

In the electrical co-operatives where members obtained contracts to service refrigerators and electrical appliances, the use of different tools and the different facets of the nature of work also required some kind of co-operation among members.

The descriptions of the technology and production activities in the co-operatives as given above, indicate two distinct patterns of relationship between technology



and the organization of the co-operatives. We observed during the survey that the production processes of the workers co-operatives involved some kind of modern production techniques and special skills. In addition, their production activities involved the use of formalized processes and some documentation. On the other hand, the technology and the production activities of the service co-operatives were based on existing traditional social structures. These findings suggest that the type of technology and production forms may be an important factor in the choice of the type of co-operatives. We must caution about over generalization of these findings, in view of the number of co-operatives we studied and the absence of data for any meaningful analysis .

#### **6.4 *Influence of Socio-Cultural Factors on the Co-operatives***

It was a major assumption of this study that the participatory schemes in the co-operatives would be shaped not only by their structural properties and contextual variables, but also by the socio-cultural and the institutional environment in which they operate in Ghana. The aim of this section is to find out how participatory schemes in the co-operatives reflect elements of the socio-cultural and the institutional environment in Ghana. To investigate this, it is first essential to identify the socio-cultural and institutional elements of the environment.

#### 6.41 *Cultural Specific Factors and Non Cultural Factors in Organizations*

Of recent, management theorists have sought to develop different approaches to assess the impact of socio-cultural factors on organisation. One of the approaches adopted by them has involved the differentiation of cultural specific factors from non cultural factors in organisation. This has been done in the light of two major arguments, the cultural specific and cultural free arguments.

The central idea of the cultural specific argument points out that rules and controls of agencies in the socio-cultural environment will make organisational structures isomorphic with the structures of the external agencies. The cultural specific argument further points out that for organisations to succeed in their environments, they must not only design their structures to suit their environments, but must also arrange their rewards to reflect the aspirations of their members and society at large.<sup>25</sup>

According to Blunt, the major socio-cultural and institutional elements which can shape organisation structures include:<sup>26</sup>

- a. Governmental regulations or legal requirements operating within a national environment.
- b. The beliefs, norms and values (implicit culture) of organisation owners and founder.
- c. The beliefs, norms and values (implicit culture) of employees of

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<sup>25</sup>See Price, R. M. "Bureaucracy and Society in Ghana, London, 1975. A similar argument has also been offered by institutional theorists. They have suggested that organisations are "dramatic enactment" of the institutional environments in which they operate. This is because they become isomorphic with the elements of their environments. They point out that isomorphism takes place when an organisation becomes matched with its environment through technical and exchange interdependence procedures. See J. W. Meyers and B. Rowan, Institutionalised Organisation, Formal Structures as Myths and Ceremony, American Journal of Ceremany. Vol. 83 pp340 - 363.

<sup>26</sup> P. Blunt, Organisation Theory and Management, London, 1983

all levels of the organisation.

In contrast to the cultural specific argument, the cultural free theory suggests that “there is a consistency of relationships between variables of organization context and of organisational structure and this will hold for all work organisations in all societies.”<sup>27</sup> This relationship is associated with the growth in organisation size, division of labour and role specialisation as well as the formalisation of activities. The management literature suggests that increases in organisation size (measured by the number of employees) influence division of labour and formalisation (the degree to which rules, procedures, instructions and information in general appear in a written form).<sup>28</sup> The cultural specific and cultural free arguments discussed above provide us with a basis for the identification of cultural specific factors in the co-operatives.

#### ***6.42 Cultural Specific Factors in the Co-operatives***

The cultural specific thesis suggests that organisational structures will be influenced by socio-cultural institutional elements such as social forms of ownership, social values, procedures, rules and technologies of existing agencies. We have already given examples of the influence of the socio-cultural and institutional environment in different parts of this study. In this section, we shall bring together these examples. We shall then determine whether the

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<sup>27</sup>See D. J. Hickson et al, op. cit.

<sup>28</sup>D. S. Pugh. et al Dimensions of ... op. cit.



participatory schemes identified in the previous chapter relate to the cultural factors or the non cultural factors.

The preference for a loose federated system of co-operatives adopted by the service co-operatives is quite a reflection of socio-cultural elements on the participatory schemes in the co-operatives. Our observations of some of the individual member enterprises indicated that members preferred to maintain the ownership and control they had over their enterprises. This may be attributed to the nature of social organisations in Ghana. Evidence suggests that the organisation of work and ownership of indigenous enterprises are associated with the extended family system or "abusua". The organisation of work is controlled by the family head and labour or apprenticeship is derived mostly from kith and kin.<sup>29</sup>

The effect of social forms of ownership on co-operatives has also been reported by Miracle in his study of agricultural co-operatives in Ghana. The study indicated that the protection of the traditional extended family system made collective farming in Ghana impossible.<sup>30</sup>

In Ghana, most farming lands are owned by the extended family system.

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<sup>29</sup>For a detailed description of the organisation of agricultural and industrial activities in Ghana, see for instance, A. W. Browne, *Craft Industry and Rural Employment in Ghana. Case Studies from Ashanti Region*, Lancaster Polytechnic, Ph.D. Thesis. 1978. P. Hill, *Migrant Cocoa Farmers of Southern Ghana*, Cambridge. 1963. On the problems of modern organisations and cultural practices in developing societies, see Onyemelukwe C., *Men and Management in Contemporary Africa*, London. R. M. Price, *Society and Bureaucracy in Ghana*, London, 1975.

<sup>30</sup>P. M. Miracle and A. Steven, *Agricultural Co-operatives and Quasi Co-operatives in Ghana, 1951-1966*, Land Tenure Centre, University of Wisconsin, Madison, 1968.

Individual members of the family are, however, allowed to manage their own farms as economic units and enjoy their usufruct. However, tradition forbids them from selling their farms to strangers without the knowledge of the extended family members.<sup>31</sup>

The influence of the traditional forms of organisation, social values and people's expectations may further be linked to the choice of services and authority relationships in the co-operatives. It was pointed out earlier in this chapter that mutual benefit services or services predominated the service co-operatives offered to their members.

The extension of the extended family system or the paternalistic management style is most pronounced in the participatory schemes in the Taxi Drivers Co-operatives. As we pointed out in Chapter 5, in these co-operatives the managerial roles have been structured to reflect the traditional roles structures in their occupation.

The cultural effects on the co-operatives mentioned above, come from the traditional or informal economies in Ghana. Contrary to evidence from previous research has reported, the formal sector and its modern institutions appeared to have a more conflicting relationship with the co-operatives than the traditional sectors.<sup>32</sup>

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<sup>31</sup>For details of the Land Tenure System in Ghana see for instance, W. Birmingham, I. Neustadt and E. N. Omaboe. *A Study of Contemporary Ghana*, Vol. I, London, 1996.

<sup>32</sup>see for instance, Studies from R. Dore op. cit. N. T. Uphoff and M. J. Easmon op. cit.



It appeared during the field work that the modern institutions such as banks and governmental agencies and the private sectors had little interest in the activities of the co-operatives. For instance, the members of the worker co-operatives pointed out that private enterprises were not very keen to grant contracts to them when they mentioned that they were co-operative members. Furthermore, members reported their inability to secure bank loans for their development.<sup>33</sup>

The informal sector can therefore be seen as a pillar of support for the co-operatives. It has not only provided the raw materials and markets for the produce of the co-operatives, but also has given a basis for solidarity and cohesion in the co-operatives. This was most prominent among the Salt winning co-operatives which use the whole village communities around the Songhor Lagoon as an organisational base.

Our discussions above has given examples of the influence of the socio-cultural and institutional environment on the participatory schemes in the co-operatives. One can also observe the influence of the cultural free factors on the participatory schemes in the co-operatives. Of a great deal of interest to this study is the association of managerial roles to the size of the co-operatives as was observed earlier in this chapter. We pointed out that the co-operatives which have been able to create extra organisation roles other than the minimum stipulated in the bye-laws have also larger membership sizes. This observation was made on the

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<sup>33</sup>Rowena Lawson has also reported similar experiences with farmers in Ghana. She reported that their inability to secure bank loans was due to the condescending attitudes of the bank offices to farmers. Rowena Lawson, *Agricultural Entrepreneurs of Upper Income African*, A Report to ESCOR, University of Overseas Development, England, 1977.



relationship between role specialisation and larger membership sizes in the Taxi Driver co-operatives. This follows the same pattern of relations between the size of organisation, division of labour and role specialisation posited by the cultural free theorists.

The discussions above suggest that it is possible for both socio-cultural and institutional elements of the environment and cultural free factors as size of a co-operative to influence participatory schemes. Especially, our findings on the participatory schemes in the taxi drivers co-operatives support this presumption. Our findings suggest that traditional social values mediate between size and the managerial roles in the taxi drivers co-operatives. Specifically, this is demonstrated by the creation of special roles, such as the welfare officer, in the taxi co-operatives to enable them direct the operations of co-operatives to serve members' interests.

The position adopted here will be that both the cultural free theory and the cultural specific theory are both important for the understanding of differences between the schemes of participation in the co-operatives. This is because both theories help indicate the conditions that give rise to different participatory schemes in the co-operatives.

## SUMMARY

The major task of this chapter was to investigate the organization conditions or the circumstances in which the co-operatives operate and assess the extent to which those conditions affect them. Hence, the chapter considered the contextual variables: the services and tasks of the co-operatives and two physical attributes of organizations, which are size and technology. We also examine the influence of the socio-cultural and institutional environment on the co-operatives.

The services offered by a co-operative to its members were considered as the *raison d'être* of its existence. Hence, it was assumed that participatory schemes in the co-operatives will be designed in such a way as to enable it deliver those services. Our observations in the chapter showed that the predominant services offered by the co-operatives to their members were related to mutual benefit incentives.

The size of the membership group gave clear indications on its impact on the participatory schemes in the co-operatives. As the size of the co-operatives increased, there was a corresponding increase in the dimension of labour and role specialization.

In our view, there was a harmonious relationship between the co-operatives and their environment. This is the result of the adoption of structural forms in response to the given socio-economic and cultural environments in Ghana. This

is quite in contrast with the earlier approaches adopted by sociologists. Most of their studies have only sought to point out conflicting situations between the characteristics of the co-operatives and existing social structures in developing countries.

From the above observations, the following conclusions can be drawn on the impact of organisational conditions on the participatory schemes in the co-operatives:

1. The services offered by the co-operatives to the members reflect the socio-cultural and economic situations in which the co-operatives operate.
2. The participatory schemes in the co-operatives reflect the type of tasks and services offered to the members. For instance, the nature of division of labour and role specialization in the management structures suggest attempts to design structures to suit the type of services offered.
3. The structuring of activities in the co-operatives are associated with the size of the co-operatives. Smaller co-operatives tend to have stable features while larger co-operatives demonstrate greater division of labour and role specialization in the management.
4. Our study of technology showed that, in general, co-operatives use manual tools. However, we observed that the type of production activities is associated with type of co-operatives. For instance, production activities of the workers co-operatives were related to modern production methods. Whereas activities in the service



co-operatives were based on traditional methods.

5. In our investigations into the impact of the elements of the socio-cultural and institutional environment on the co-operatives, we found their influence most pronounced in the participatory schemes of the taxi drivers co-operatives. These co-operatives have developed role structures, authority systems and services that reflect existing social norms and values in Ghana. There was also substantial evidence to suggest that the adoption of these traditional values were enabled by size of the co-operatives.

## **Chapter 7**

### **PATTERNS OF ORGANIZATIONAL DEVELOPMENT IN THE CO-OPERATIVES**

In the previous three chapters of this study, we examined the various ways in which self-management takes place in the co-operatives. This was done by investigating the patterns of control in the co-operatives, the structural and contextual variables of the co-operatives.

The patterns of control in the co-operatives indicated the distribution of control among the decision making bodies in the co-operatives. Four different patterns of control were identified, namely: the management controlled, the membership group controlled, the democratic and the inactive co-operatives. The contextual variables also described the organisational conditions in which the co-operatives operated.

Our investigation of the relationships between the patterns of control, the structural and the contextual variables led to these findings. We found that participatory schemes in the co-operatives can be structured in different ways. That is, underlying the different patterns of control in the co-operatives, we identified also different combinations of the structural variables. This provided us with the evidence that structural properties of participatory schemes influence the patterns of control in the co-operatives. In addition, our investigations into the contextual variables suggested that the organisational conditions under which the co-operatives operate accounted for the differences in the structural properties of

the participatory schemes.

The findings of the previous chapters outlined above raise further questions for the study. One may ask whether the different patterns of control and their participatory schemes suggest specific patterns of organisational development in the co-operatives. This question is being asked because empirical evidence has shown that although co-operatives have similar principles and ideals, they tend to adopt different patterns of organisational development. It has been observed that this is due to a combination of factors such as technology, markets and socio-economic and political systems.

For instance, recent developments in the market economies of western Europe have seen technological and economic forces set new imperatives for the development of co-operatives. This has come from increasing competition, changes in consumer behaviour and the emergence of large-scale corporate enterprises. Some co-operative theorists have pointed out that for the co-operatives to survive in such economies, they have to develop different management philosophies and structures to meet the challenges of the environments in which they operate.<sup>1</sup>

In this chapter, we shall seek to establish the patterns of organisational development in the co-operatives. We shall also be concerned with the

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<sup>1</sup> See for instance, M. J. Mellor et al, *Workers Co-operatives in theory and Practice*, the Open University Press, Milton Keynes, 1976.



implications of the patterns organisational development has on member participation and control in the co-operatives. In order to conduct a fruitful investigation into the two tasks set out for this chapter above, the next section will bring together the structural features of the different patterns of control discussed in the different parts of this study.

### **7.1 *Patterns of Control and their Structural and Contextual Variables***

In our discussions above, we pointed out that it was necessary to bring together the features of the different patterns of control we identified in the various parts of this study. This is to provide the basis from which we can identify the patterns of organisational development in the co-operatives. Firstly, we need to remind ourselves of the reasons for using the different patterns of control in the co-operatives as a basis for identifying patterns of organisational development in the co-operatives.

For a comparative study of co-operatives, we assumed that control in co-operatives is associated with organisational attributes as division of labour, role specialisation and hierarchy of authority. Hence, we assumed that a certain pattern of control in a co-operative will be associated with a particular combination of structural variables.

In table 7.1, we have the different patterns of co-operatives and their structural

variables. In addition, we have included the contextual variables associated with the organisational characteristics of the co-operatives. These contextual variables include membership size, technology, services of the co-operatives and the ages of the co-operatives. The measurement of these variables has been provided elsewhere in this study (see for instance Appendix 1). Table 7.1 presents aggregated scores of the different variables computed for each pattern of control. The scores of the variables was derived from Appendices 5 & 8.

**Table 7.1 The Patterns of Control and their Structural and Contextual Variables**

	Democratic Co-ops	Management Committee Controlled Co-ops	Membership Group Controlled Co-ops	Inactive Co-ops
Structural Factors	n=6	n=14	n=5	n=6
<b>A. The Accountability Structure</b>				
Size of the Management Committee	7.6	10	4.2	7
Form of Representation	2	2-	1.6	2-
Role of Specialization	3.8	6.9	2.0	3.6
Management Committee Meetings	3.6	3.0	4.0	2.3
Membership Group Meetings	2.8	1.5	2.6	0.8
<b>B. The Administrative Component</b>				
Size of the Administrative Component	1-	15	1.8	1.5
Number of Hired Labour	0	0.5	0.6	1.2
Percent of Hired Labour	0	40.7	20.0	83.3
<b>C. Decision Rules</b>	9.2	9.4	11.0	10.0
<b>D. Contextual variables</b>				
Size	72	148.6	21.4	27.3
Age	5.3	5.6	21.4	20.3
Service (Mutual Benefits)	53.2	74.1	10	94.5
Service (Rational Economic)	46.2	25.9	60.2	5.5
Technology	1.2	1.1	1.4	1.0



From the table, the following profiles can be obtained for the different patterns of co-operatives:

### **The Management Controlled Co-operatives**

These are co-operatives in which the greatest amount of control was exercised by the management committee. They also demonstrate greater division of labour and role specialisation in both their management structures and administrative components. The co-operatives also employ both direct and indirect forms of participation in decision making. However, the frequency of meetings held by the management committees is more than that of the general body of members. This suggests that indirect participation is the predominant form of participation within decision making in these co-operatives.

The management controlled co-operatives are mostly service co-operatives. They include taxi drivers (10), the salt winners (1), the Herbalists (1), gin distillers (2). The Herbalists co-operatives represent the only worker co-operatives in these co-operatives. In these co-operatives, 75 per cent of their services are devoted to mutual benefit tasks and services.

### **The Membership Group Controlled Co-operatives.**

In these co-operatives, the membership group exercised a greater amount of control than the other decision making bodies. These co-operatives had little role specialisation and their management committees indicated the basic minimum membership size of seven required for the establishment of co-operatives. Also

there has been no attempt to increase the administrative staff beyond the employment of a secretary.

A distinctive feature of these co-operatives is the greater number of decision rules used by them. We explained earlier that this was due to the nature of the activities of these co-operatives. Unlike most of the other co-operatives, the activities of these co-operatives are associated with modern production facilities.

These activities also required skilled labour to perform them. Furthermore, the nature of activities of these co-operatives required the use of formal written rules.

### **The Democratic Co-operatives**

These represent co-operatives where the exercise of control has been fairly distributed among the decision making bodies. That is, the differences between the amount of control exercised by the management committee and the membership group are less than the influence score of one. The democratic co-operatives have lower scores for role specialisation and division of labour. The only identifiable roles in these co-operatives are those of the president and the treasurer.

The democratic co-operatives include the following: rattan weavers (1), grain millers (1), block makers (2), electrical workers (1), and the tie and die co-operatives(1).

## **The Inactive Co-operatives**

These are co-operatives in which the decision making bodies have little influence over the activities in the co-operatives. In such co-operatives, there was very little evidence of joint decision making. This suggests a greater independence of individual members over the affairs of their enterprises.

### **7.2      *Organizational Development in the Co-operatives***

Section 7.1 of this chapter has provided us with a profile of the different patterns of control in the co-operatives. These features indicate that underlying each pattern of control, there is a certain constellation of structural and contextual factors. In this section, we shall first of all seek to determine the existence of any patterns of organisational development from the profiles of the co-operatives given in the previous section.

In order to determine the patterns of organisational development in the co-operatives, we shall take, as our point of departure, the classical model of co-operative organisation. We shall then examine the extent to which the various structural combinations underlying each pattern of control differ from those of the ideal model. Below, we present an outline of the classical ideal model of co-operatives and the structural features of the different patterns of control observed in this study.



## **The Ideal Classical Model of Co-operatives**

The ideal classical model of co-operatives represents the organisational blue print for the establishment of co-operatives. As we observed in chapter three of this study, the classical ideal model derives its organisational character from a system of rules and prescriptions in the national regulations and the model co-operative bye-laws for co-operatives in Ghana. The model bye-laws consider the co-operative principles and ideals as a means for attaining self-management in co-operatives.<sup>2</sup> The bye-laws provide for a formal division of labour and role specialisation in co-operatives. They also stipulate the modes of participation in decision making and the rules for decision making in co-operatives.

A summary of the structural dimensions of the classical model and the different patterns of control are in shown in Table 7.2.

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<sup>2</sup> For details of the self-management system in the ideal classical model see Chapter 3

Table 7.2

The Ideal Co-operative Model and the Patterns of Control in the Co-operatives

Properties of the Participatory Schemes	The Ideal Co-operative Model	Management controlled co-operatives	Membership controlled Co-operatives	Democratic Co-operatives	Inactive Co-operatives
1. Form of Participation	Specifies both direct and indirect schemes of participation. Authority resides in membership group	Based mostly on indirect participation. Size of manager component up to ten members.	Mostly use direct participant . Area size of manager committee falls below ten.	Use both direct and indirect forms of participation. Average size of management committee is 7.	Use mostly direct participation Average size of manger is 7
2. Authority Structure	Stipulates a minimum of 7 members. Managerial roles: President, Vice president and treasurers Meeting: Annual General Meetings, Special General Meetings, Committee Meetings	Managerial roles extended to include traditional roles and also oriented to routine acting. Meeting mostly by committees at monthly interval.	Managerial role based on tripartite role of president, vice president and treasurer. Regular monthly meetings by membership group and fortnight meetings by managerial committee.	Managerial role based on tripartite roles president, vice president and treasurer. Frequent fortnightly meetings by management committee and membership group.	Managerial roles based on tripartite roles president, vice president and treasurer. Meetings rarely held.
3.Administrative Component	Model Bye law recognises appointment of a secretary and head of the Administrative issue as election of officers.	40.7 percent of administrative staff percent of staff as hired labour.	Employment of only a secretary. 20% of the co-operatives use hired labour.	Have no administrative staff.	Employs a non-member secretary.
4. Decision Rules	Co-operative principles and regulations only concerned with social and administrative issues such as, election of officers.	In addition to use of co-operative rules, they have adopted other regulations in areas as quality control, marketing of products, discipline and order among members.	Use only the basic co-operative rules.	Use of the basic co-operative rules.	In addition to co-operative principles, they have also other regulations, e.g. quality control and marketing of products.

Table 7.2 suggests some major structural factors which provide the basis for the determination of trends in the organisational development of the co-operatives. Three patterns of organisational development can be identified. We shall call them Types I, II, and III, for the purposes of classification.

### **Type I**

This group of co-operatives demonstrate structural features close to those of the ideal classical model. The co-operatives in this group are the democratic and member controlled co-operatives. The average scores of their structural factors are just the minimum levels of structural factors required to establish a co-operative society. For instance, the average size of their management committees is seven. In some of these co-operatives, the size of the management falls below the minimum of seven. The division of labour and role specialisation in these co-operatives are based on the tripartite roles of president, treasurer and vice treasurer. Similarly, their administrative component does not show any kind of development. The only administrative staff in these co-operatives is the secretary of the societies. An outstanding feature of these co-operatives is the higher frequency of meetings by the management committees and the membership groups.

### **Type II**

This group of co-operatives consists of only the inactive co-operatives. Though these co-operatives maintain the necessary structures for the establishment of co-operatives, there are very few areas where joint decision making occurred.



For instance, the members rarely held meetings and joint activities among member barely existed. Moreover, the decision making bodies exercised little control over the affairs of the co-operatives. Our observations during the field work suggest that these co-operatives were almost moribund.

### **Type III**

The third type of co-operatives show some striking structural developments that go beyond the basic structures of the ideal classical model. The structural development of these co-operatives is characterised by higher levels of division of labour and role specialisation. The co-operatives also use the indirect form of participation. Furthermore, these co-operatives have also designed extra rules to specifically regulate their activities.

The participatory schemes in these co-operatives suggest an organisation form designed to suit the special activities of the co-operatives. This was seen in the taxi drivers and the distillers co-operatives. These two types of co-operatives suggest two distinct patterns of organisational structure. In the distillers co-operatives there is a trend toward bureaucratisation . This is indicated by increases in the administrative component. In the taxi drivers co-operatives, there is rather an expansion in the management structure. This has occurred through the creation of new role structures and the establishment of sub-committees to undertake various tasks.

We have in this section shown some trends in the patterns of organisational

development in the co-operatives. One can observe that much of the structural changes have occurred amongst the service co-operatives. They have shown diversified ways in which co-operative organisations can be structured. Do the patterns of organisational development fall into any of the development patterns observed in co-operatives elsewhere? And what the implications do the different patterns of organisational development outlined above have on the self-management in the co-operatives?

### **7.3 *Patterns of Organizational Development in the Worker and Service Co-operatives***

In determining the patterns of organisational development in the co-operatives, no consideration was given to the two types of co-operatives we identified in this study. That is, the worker and the service co-operatives. However, empirical evidence suggests that the patterns of organisational developments in the two types of co-operatives differ. In addition, the structural development in the two types of co-operatives has different implications for member participation and control in the co-operatives. Therefore, in this section, we shall investigate how the organisational developments observed earlier in this chapter differ in the worker and service co-operatives.

### ***7.31 Organizational Development and Self-Management Problems in the Worker Co-operatives***

In the worker co-operatives, organisational development stems from, for instance, growth in the size of the co-operatives. As we pointed out in chapter six, the growth in the size of the worker co-operative leads to division of labour and allocation of roles. These structural changes in turn can increase hierarchical differentiation in the co-operatives. In this case, indirect form of participation in decision making becomes the major means of access to decision making.

Furhtermore, it feared that skilled workers in worker co-operatives will entrench themselves in the managerial positions. This would not have been problematic if those in representative positions were to work in the interest of members. Evidence suggests that members who dominate managerial positions tend to follow their own interests. When this happens, then self-management in the co-operatives is obstructed.



Lipset has indicated that this is a particular problem with democratic organisations as trade unions, professional societies, business organisations and co-operatives.<sup>3</sup> An apt description of this problem is provided by Robert Michels' "iron law of oligarchy". He describes this in the following terms,

*It is organisation which gives birth to the dominion of the elected over the electors, of the mandataries over mandators, of the delegates over the delegators. Who says organisation says oligarchy.*<sup>4</sup>

Empirical evidence suggests that organisational development in the worker co-operatives can lead to their degeneration. According to Cornforth, degeneration occurs in the worker co-operatives when they "fail in the long-run as democratic businesses".<sup>5</sup> Cornfort has indicated three types of degeneration in the worker co-operatives. They include:<sup>6</sup>

- a. Constitutional degeneration, where a worker co-operative reverts to a capitalist form of organisation through the exclusion of most of the members from the rights of ownership and control.
- b. Goal degeneration. This occurs when the priorities of the co-operatives are lost for the pursuit of capitalist goals.
- c. Organisational degeneration. This involves the concentration of power in the hands of a few members, owing to their skills and position in the co-operatives. Here, the co-operative develops a

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<sup>3</sup>S. M. Lipset, M. A. Trow and J. S. Coleman, Union Democracy, The Free Press, Glencoe Ill, 1956.

<sup>4</sup> Robert Michels, Political Parties, Glencoe, III, Free Press, 1949

<sup>5</sup> C. Cornforth et al, op. cit.

<sup>6</sup> Ibid.

managerial hierarchy and division of labour similar to a capitalist organisation.<sup>7</sup>

The three electrical co-operatives did not show any indications of these managerial problem. As was described in chapter five earlier, activities in these co-operatives were informal and there were no adherence to any strict rules. We also stated that the members of the electrical co-operatives had no scheduled meetings. Issues arising out of their operations were casually discussed and eventual decisions taken. Such discussions took place at least once every week.

This is in spite of the fact that these co-operatives had the one of highest number of decision rules we identified in the co-operatives.

In fact, the electrical workers co-operatives can be likened to Whitt's account of collectivist-democratic organisations in the United States. According to her, the collectivist-democratic organisations reject rational bureaucratic justifications for authority. Authority resides not in the individual, but in the collective group as a whole. She describes their decision making processes as a "consensus process.... in which all members participate in the collective formulation of problems and negotiations of decisions".<sup>8</sup>

The possibility of organisational degeneration may, however, come from the Herbalists co-operatives. The structural development of the Herbalists co-

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<sup>7</sup> Cornforth et al, op. cit.

<sup>8</sup>See J. Rotschild-Whitt, The Collectivist organisation, An Alternative to Rational Bureaucratic Models. *America Sociological Review*, Vol. 44 p 509-127, 1979.

operatives suggested some trends toward organisational degeneration. Participation in decision making was based on the representative form and control over the affairs of the co-operative was concentrated in the management committee. In addition, the society had a relatively large administrative component.

During visits to the society to collect data, we observed that the management of the dispensary of the society engaged the full-time attention of the management committee, especially the President of the society. The president of the society administered the drugs at the dispensary and he was also involved in the research and development activities of the co-operatives. The rest of the members of the co-operative, however, only took part in the harvesting and the preparation of the herbs for medicine production. This level of involvement in the activities of the co-operatives by the general body of members suggests that the management of the herbalists co-operatives is concentrated in the hands of management committee.



### **7.32 *Organizational Development and Management Problems in the Service Co-operatives.***

In the service co-operatives, Dulfer has also identified three patterns of organisational development. These are:

- a. The traditional co-operatives or the executive operating co-operatives. This represents the classical or ideal type co-operatives in which absolute power is concentrated in the general body of members.
- b. The market linkage co-operatives mark the first stage in the development of the ideal co-operatives model due to market demands. The co-operative enterprise may be forced to liquidate or restructure itself. In restructuring itself the co-operative may engage in non membership trading and employ specialist personnel to manage its affairs. The co-operative then becomes a quasi autonomous enterprise and a complementary organisation to the members.
- c. The integrated co-operatives seek to integrate the members' enterprises into their structure. Though members may own their own business, the central management designs similar plans and activities for all the members.

A further development of the service co-operatives comes from their complete transformation into worker co-operatives. Dulfer suggests that where a multi-purpose service co-operatives seek more integration of membership activities, it finally becomes worker or collective co-operatives.<sup>9</sup>

The service co-operatives showed considerable differences in their patterns of control and participatory schemes. The deviations from the ideal classical model of co-operatives we found in the service co-operatives provide a useful basis to identify patterns of organisational development in them.

In the service co-operatives, democratic controlled and membership group controlled co-operatives showed similar patterns in their organisational development. Their participatory schemes were close to the ideal classical model of co-operatives. These co-operatives had smaller membership sizes, held frequent meetings for both the membership group and the management committees. In general, they bore similar characteristics as Dulfer's traditional co-operatives. In such co-operatives the membership group had absolute control over the affairs of the co-operatives and there were no problems of self-management. These group of co-operatives included the grain millers, the tie and dye, the rattan weavers.

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<sup>9</sup> E. Dulfer, Betriebswirtschaftslehre der..... op. cit.

The structural characteristics of the inactive co-operatives, the co-operatives in which the decision making bodies exercised little control, indicated co-operatives at the brink of disintegration. There was practically no form of joint social activity in the co-operatives.

The structural characteristics of the management controlled service co-operatives provide a more useful basis for assessing the patterns of organisational development in the co-operatives. This is seen, in particular, in the ten taxi drivers co-operatives and the two gin distiller co-operatives. The outstanding features of the taxi driver co-operatives include the creation of extra managerial roles for the provision of special services for their members. These roles, as we pointed out elsewhere in the study, are derived from traditional role structure in that occupation. In the gin distillers co-operatives, there is an increase in the size of the administrative component and considerable use of hired labour. These two different service co-operatives, in fact, appeared to be more structured than the others.

From their structural characteristics, it is possible to identify different patterns of organisational development between the gin distillers and the taxi drivers co-operatives. While the taxi drives were more adaptive to the socio-cultural and institutional environment in Ghana, the gin distillers have quite rigid structure which appeared to be more independent of the members. During our data collection, we observed that the gin distillers co-operatives are more appendages



to their regional union. This shows considerable independence from their members. For instance, the Regional Union and the National Association of Distillers were able to send directives to the Secretaries for the implementation of certain policies.

To understand the implications of these organisational developments on member participation and control in the service co-operatives mentioned above, we also studied audit and inspection reports of the co-operatives. A major concern expressed in the reports was with the expenditure in the co-operatives. Expenditure in the co-operatives bore no official receipts and there appeared to be a considerable degree of corruption in the co-operatives. We relate this dysfunctional behaviour to the absence of inadequate control mechanisms in the co-operatives. In the membership group controlled and the democratic co-operatives, the frequent meetings by both the management committees and the membership group acted as a check on the management of the co-operatives.

In the gin distillers co-operatives especially, members are able to exert their control over the co-operatives only during the annual general meetings. The virtual absence of any authority to supervise the management committees during the long operational period is not conducive to self -management in the co-operatives. Here, there is the need for the establishment an organisational infrastructure to ensure participation and control in the co-operatives.. According to Heller, organisational infrastructure is "the presence of mechanisms as

technology, communication channels and information to facilitate the participation of organisation members in decision making.<sup>10</sup>

## SUMMARY

The major objective of this chapter was to identify patterns of organisational development in the co-operatives and their implications on self-management in the co-operatives. This was done by identifying the extent to which the four patterns of co-operatives, the management controlled co-operatives, the democratic co-operatives, the membership group controlled co-operatives and the inactive co-operatives differed from the ideal classical model of co-operatives.

From that point of view, we identified three types of co-operatives. They were;

- Type I: The democratic and the membership group controlled co-operatives. These co-operatives still maintained the basic characteristics of the ideal classical co-operatives. This was indicated by very low structuring of activities in the co-operatives.
- Type II: This type of co-operatives were the inactive co-operatives. They were described as almost moribund because there is very little evidence to show any joint activity or joint decision making among the members.
- Type III: These co-operatives were the management controlled ones.

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<sup>10</sup> F. Heller, op. cit.

They were fourteen service co-operatives and one worker co-operatives. They were characterised by higher scores in their structural variables.

Problems of self-management were found in the type three co-operatives. These were mainly the management controlled co-operatives. We observed that the absence of any control mechanisms have given the management committee in the distillers co-operative considerable autonomy in the use the societies' funds without any restrictions.



## **Chapter 8**

### **CONCLUSIONS**

The focus of this study was on self-management in industrial co-operatives in Ghana. To study self-management in the co-operatives, we investigated member participation and control in the co-operatives and the extent to which these are related to the participatory schemes in the co-operatives. The reason for this approach comes from a basic assumption in the co-operative theory that self-management in the co-operatives can be maintained through member participation in decision making and control over its affairs.

Previous studies on co-operatives in developing countries have suggested that low member participation and control in co-operatives stem from problems of implementing the principles and ideals of co-operatives. These studies, coming from mainly sociological and anthropological studies, have argued that the principles and ideals of co-operatives are difficult to implement in developing countries because they are incompatible with the traditional social structures in those societies.

A central argument of this study was that the problem of member participation and control in co-operatives should not be attributed solely to the differences between the co-operatives and the existing socio-cultural and institutional elements in developing societies. The study pointed out that participation and control are also related to organizational attributes as division of labour, role specialization and hierarchy of authority. The study, therefore, suggested that the

degree of member participation and control over the affairs of the co-operatives will therefore be determined by the participatory schemes in the co-operatives.

### ***The Research Design***

Co-operatives differ in diverse ways, and in order to conduct an empirical study on them, it was necessary to develop a conceptual scheme. The conceptual scheme was to help establish common features of the co-operatives, as well as the differences between them.

To this end, the accountability structure in co-operatives serves as a major framework for this study. The accountability structure is the hierarchical structure of co-operatives in which the membership group has the highest authority. Hence, it describes the pattern of authority relationship in the participatory schemes in co-operatives.

A major assumption of this study was that self-management in co-operatives will differ in terms of the structuring of activities in the accountability structure. This refers to its forms of participation in decision rules. It was also assumed that the structuring of activities will be contingent on the circumstances under which the co-operatives operate. For instance, the size of their membership group, technology, service and tasks and the external environment.

The comparative method was adopted not only to test our hypothesis, but also to provide a basis for indicating the conditions determining the differences or

similarities in the schemes of participation in co-operatives. The comparative method deals with the evaluation of variations in organization design, management practices, employee attitudes and behaviour in different organizations.

### ***Population and Sample***

A sample of 31 co-operatives was drawn from 79 industrial producers and service co-operatives in the Greater Accra Region in Ghana. The sample of co-operatives covered nine economic sectors. It also included four worker co-operatives and 27 service co-operatives.

### ***Method of Data Collection***

Data was collected on four classes of variables. These variables were:

- a. Variables describing the organization conditions in which the co-operatives operate, e.g. size, technology.
- b. Properties of the participatory schemes in co-operatives.
- c. Degree of member participation and control.
- d. External relations of the co-operatives.

The major respondents were the members of the management committees, and in some instances, ordinary members of the co-operatives. Information was also obtained from officers of the Department of Co-operatives and from documents.



Furthermore, the researcher's own observations of activities in the co-operatives constituted a major source of information for the study.

### ***Method of Investigation***

The analysis of the research data was done at the organizational level. At the organizational level, we examined the distribution of control among decision making bodies and properties of the participatory schemes in the co-operatives. The method of investigation comprised four stages.

In the first stage, we examined the nature of self-management in the co-operatives. This was done by examining the degree of member participation in decision making in the co-operatives. Participation in decision making was conceived of as the exercise of control over the affairs of the co-operatives by their members. The measure of control was done by asking the management committees about the extent to which they perceived each of the decision making bodies in their co-operatives to have influence over decision issues in their co-operatives. Documentary evidence and the researcher's own evaluation were also used to evaluate the exercise of control in the co-operatives.

The second stage of the analysis had two tasks. Firstly, we investigated the properties of the participatory schemes in the co-operatives. Secondly, we related these to the different patterns of control in the co-operatives. The investigation into the properties of the participatory schemes in the co-operatives was to provide an empirical description of the participatory schemes in the co-

operatives. It identified three major dimensions along which co-operatives differ. These included the nature of the accountability structure, administrative component and the use of decision rules.

In the third stage of the analysis, the study examined the organizational conditions in which the co-operatives operated. The study examined the extent to which the services of the co-operatives, size of the membership group and technology explained variations in the properties of the participatory schemes in the co-operatives. Furthermore, we examined the extent to which the co-operatives reflected elements of the socio-cultural and institutional environment in Ghana.

The final stage of the analysis considered two tasks. It sought firstly, to investigate the patterns of organizational development in the co-operatives. Secondly, we examined the extent to which the patterns of organizational development affect self-management in the different types of co-operatives.

### ***The Research Findings***

The study of member participation and control in the co-operatives showed that the different decision making bodies exercised control mostly in different ways. The membership group exercised greater control mostly over administrative and institutional matters such as election of officers. The management committee on the whole exercised control over economic and market related issues.

From the distribution of control among the various decision making bodies, four patterns of control were identified. These were:

- a. Democratic co-operatives: co-operatives with a fairer or equal distribution of control among the decision making bodies.
- b. Membership group controlled co-operatives: co-operatives in which the membership group exercised the greatest amount of control.
- c. Management committee controlled co-operatives: co-operatives in which the management committee exercised greatest amount of control
- d. The inactive co-operatives: these are co-operatives in which the decision making bodies exercised little control over the activities of the co-operatives.

The distribution of the co-operatives in terms of the different patterns of control cuts across different industry groups. That is, the different industry sectors of the co-operatives could not easily be identified with a particular pattern of control.

There was no indication that the type of co-operatives was associated with the patterns of control. For instance, among the worker co-operatives, two were classified as membership group controlled, one as management committee controlled and the other as democratic co-operative.



Similarities in the participatory schemes occurred mostly in the following areas: The predominant form of participation in decision making was indirect participation through elected representation. Formalization of activities showed considerable similarities, especially, in decision issues involving administrative and institutional matters. We explained that this was because all co-operatives in Ghana required to adhere to the same national regulations for their establishment.

Considerable differences could be found in the division of labour, role specialization and the number of meetings held by the co-operatives. Most of these differences, however, occurred among the service co-operatives. For instance, while the gin distillers co-operatives exhibited some functional differentiation in their administrative component, the taxi drivers co-operatives had created special roles in the management structures.

Some distinct differences can also be found between the service and the worker co-operatives. Altogether, the worker co-operatives showed some uniform behaviour. The size of their management committee was smaller and there was little role specialization. The service co-operatives showed a higher levels in the structuring activities.

To help clarify the reason for the adoption of particular combination of structural factors in the co-operatives, we also examined the organization conditions in

which they operated. This involved the study of the following variables: services offered by the co-operatives, the size of the membership group, technology and external relations of the co-operatives.

The services offered by co-operatives to their members were considered as the *raison d'être* of their existence. Hence, it was assumed that participatory schemes in the co-operatives would be designed in such a way as to enable them to deliver those services. The most predominant services offered by the co-operatives were of mutual benefit in orientation. That is, services related to broad social values and motivational well-being of the co-operative members.

We observed that role specialization and division of labour were associated with some of the services offered by some of the co-operatives. For instance, the taxi drivers co-operative have created organizational roles to reflect the type of mutual benefit services offered by them. They had created sub-committees whose functions were to provide facilities for the promotion of their members' welfare.

The size of the membership group gave clear indication of its impact on the organization structure of the co-operatives. As the size of the co-operatives increased, there was a correspondent increase in the division of labour and role specialization on the co-operatives. This provided us with some explanations of how the larger co-operatives were able to create extra organizational roles in contrast to the smaller ones.

The effect of technology on schemes of participation depends on the extent to which work processes in the organization are controlled by technology. Except for the collective co-operatives, very little evidence of this in the co-operatives became available. This made it quite impossible for any meaningful analysis to be made on the impact of technology in the co-operatives.

However, a number of interesting observations was made on its relationship with the organization of the co-operatives. It was observed that co-operatives whose member enterprises were based on the traditional forms of family enterprises in Ghana were the service co-operatives. It was suggested that this form of social ownership prevented the individual members from engaging in a collective ownership of assets as in collective co-operatives. Technology in collective co-operatives, on the other hand, were observed to be more related to modern forms of production processes in which formal written rules were used. This in turn offered some explanations to the high degree of formalization observed in the collective co-operatives.

The participatory schemes in the co-operatives are also a reflection of some elements of the socio-cultural and institutional elements in the Ghanaian society. For instance, the organization of the service co-operatives as a loosely federated system of individual member enterprises is to guarantee the autonomy of the existing traditional social organization of which individual member's enterprises were a part.



The over concern of the co-operatives over the welfare of members rather than the provision of material incentives gives indications of the intrusion of the paternalistic ideals of the extended family system into the co-operatives. Furthermore, the managerial roles in the Taxi Drivers co-operatives were patterned along the lines of traditional role structures in that occupation.

The co-operatives did not only exhibit these cultural specific factors in their structures, they also demonstrated some behavioral tendencies characteristic of most formal organizations. This was shown by the relationship that existed between increases in their size and their division of labour and specialization.

The research findings outlined above describe alternative participatory schemes in the co-operatives. The question now is, do they indicate any patterns of organizational development in the co-operatives? Our findings suggested three patterns of organizational development in the co-operatives.

The first type of co-operatives are those co-operatives which have conformed to the basic characteristics of the ideal classical model of co-operatives. These are the Democratic and Membership group controlled co-operatives. These were described as similar to the ideal classical model because of the low levels of the structuring of activities and their low complexity. These co-operatives consisted of workers and service co-operatives.

The second type of co-operatives were described as moribund co-operatives. These were described so, because they gave every indication of being at the

point of disintegration. There was virtually no joint activity among members, and their management committee had no control over the activities of the co-operatives. These were mostly the gin distillers co-operatives.

The third type of co-operatives had striking structuring developments which went beyond the prescriptions of ideal classical model. Their organizational developments were characterized by greater division of labour and role specialization in both their accountability and administrative components

Summing up the findings of the research, the following conclusions can be reached:

1. Self-management in Co-operatives can occur in different ways. This can be illustrated by the different patterns of control in co-operatives. That is, the distribution of control among different decision making groups.
2. The fundamental determinants of the patterns of control are the different combination of structural variables that characterize participatory schemes in the co-operatives. Hence, co-operatives may vary along the following dimensions: the extent of division of labour and role specialisation, the size of their administrative components, the use of direct and/or indirect forms of participation and the frequency of meetings. These suggest that the ability

of certain groups or individuals to influence or control the affairs of a co-operatives organization comes from the domains of power created by the structuring of activities.

3. The patterns of organizational development in the co-operatives are contingent on the objectives and services of the co-operatives. The co-operatives are designed to assume the characters of benevolent societies to secure the welfare of their members. In many instances, they become only representative organs for the small-scale business entrepreneurs. This is part of their efforts to reach the formal economies and have access to resources, especially modern technology and finance which are in the strangle hold of the modern sector in Ghana. As self-help organizations they are also perceived as means to transform existing traditional production forms into modern industrial workshops. Hence, the co-operatives may be seen as organization solution to minimize the problems of small scale businesses in Ghana.

4. The participatory schemes in the co-operatives are a reflection of cultural specific and cultural free factors. The size of the management committee, division of labour and role specialization and centralization of control is indicative



of growth patterns in similar organizations found elsewhere. On the other hand, the socio-cultural factors of the co-operatives act as mediating factors between the impact of size on the organizational development of the co-operatives.

### ***4.2.1 Significance of the Research Findings***

The research has attempted to provide explanations of the relationships between self-management and participatory schemes in co-operatives. Our particular contribution to theories on co-operative development is our ability to go beyond the narrow conceptualization of co-operatives in terms of the ideal classical model of co-operatives and point out the existence of alternative participatory schemes. This allowed us to point out that self-management in co-operatives is also related to internal organizational factors.

Another contribution to the theories on co-operative development was the ability of our research design to indicate the conditions that give rise to different participatory schemes in co-operatives. This also helped to explain why participatory schemes in co-operatives may differ.

The social scientific significance of the study cannot be confined to only its theoretical development. It must also be seen in terms of its methodological development. The research has demonstrated the possibilities of the extension of

modern management theories to the study of small-scale enterprises in the informal economies in developing countries. This was done by the conceptualization of the organization structures of co-operatives in different dimensions as was done in the Aston Group studies.<sup>1</sup>

### ***Limitations of the Study***

In spite of the quite interesting results of the study, a number of methodological problems may put some limitations on the validity of the research findings.

Firstly, the generalizability of the research findings to other co-operatives in Ghana or elsewhere may be questioned on the grounds of the representativeness of the sample. The sample of 31 co-operatives cannot be said to be representative of the number of co-operatives in Ghana. Furthermore, the method of data collection for certain types of information may raise some concerns for the validity of the research findings. In measuring control in the co-operatives, we restricted ourselves to the ratings of the members of the management committees and the researcher's own ratings. This approach may not be able to cover the totality of events relating to control in the co-operatives. It will therefore miss out a considerable amount of information.

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<sup>1</sup>See Pugh et al., *Dimension of...* op cit.

However, the approach we adopted had sought to obtain an adequate representation of the universe of activities in the co-operatives by the choice of a larger number of decision issues. The validity of the measures of control was also improved by our use of questions that focused on a considerable number of issues in the co-operatives instead of asking global questions.

The selection of the structural variables was derived from our theoretical understanding of factors expected to affect self-management in democratic organizations. Research has indicated a variety of factors that other researchers can equally affect participation and control in organization. Hence, it is possible that other researchers using other factors and more sophisticated statistical techniques can arrive at different findings on their effect on participation.

In spite of the limitations on the validity of the research, our results in general did confirms the hypothesized relationships between the research variables. This suggests the adequacy of the research methods adopted to bring empirical evidence to bear upon our research problem. Furthermore, the external validity of the research is ascertained by the positive results obtained by testing empirically accepted hypothesis in organization theory about the relationship between structural variables and the contextual variables.



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